



Q2

2017

Consumer

Market Monitor





Q2

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Consumer Market Monitor

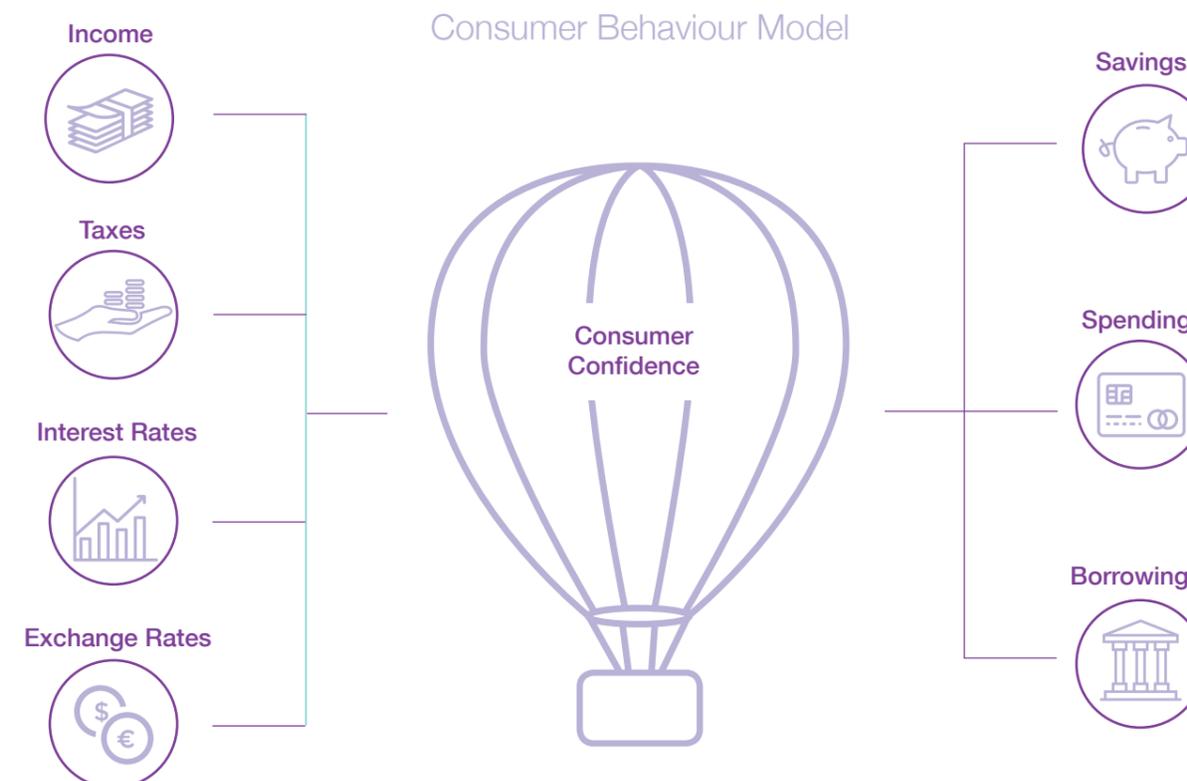
The Consumer Market Monitor is a publication provided by the Marketing Institute of Ireland in collaboration with UCD Michael Smurfit Graduate Business School.

It is designed to track key indicators of confidence and activity in the Irish consumer market as a resource for marketers and the wider business community. The consumer market accounts for over 60% of GNP so it is an important indicator of the health of the economy.

It relies on a model of consumer behaviour which sees economic variables such as income levels, taxes, interest rates and exchange rates influencing consumer confidence which, in turn, influences consumer behaviour including spending, saving and borrowing.

It is based on data from the Central Statistics Office (CSO), the Central Bank, the European Commission, and other secondary sources. The added value rests in the fact that the information is brought together in a single location and presented in a way that is easy to use for market analysis and sales planning. The accompanying editorial also highlights important trends and linkages that point to emerging opportunities and threats.

It is published on the Marketing Institute website and the UCD Smurfit School website and is updated every quarter. This edition covers quarter two of 2017 and also reviews the first half year as a whole.



Executive Summary

Consumer spending continues to be one of the main drivers of economic growth in Ireland at present, along with investment in construction. Strong growth is continuing in both sectors in 2017 and this trend is expected to continue through 2018. Personal consumption has grown by 3% in the first quarter of the year, and is expected to grow by 3.1% for the whole of this year, and by 2.7% in 2018.

The main drivers of this growth are population expansion, along with increasing employment, and rising incomes. It has been estimated that half of the growth in consumer spending was driven by population growth between 2011 and 2016. Furthermore, there are now 2.045 million people at work, up 68,600 year-on-year, and up by 220,000 or 12% since the low point in 2012.

Employment is expected to continue performing strongly this year and next, with growth of 2.8% projected for 2017 and 2.3% in 2018. This will mean an additional 105,000 persons at work which would bring employment to over 2.15 million for the first time since 2008.

Pay increases have also contributed, up by 2% on average in 2015 and by 5% in 2016. The depreciation in the value of Sterling since the Brexit referendum has also helped, causing consumer prices to be approximately 1.2% lower than would have been the case had Sterling remained stable.

These factors drive the amount of disposable income circulating in the economy, and spending closely matches income. In fact, there has been a remarkable increase in disposable income in recent times - it increased by 5% in 2015, and by a further 4.4% in 2016. In sum, it reached €99 billion in 2016, not far off the 2007 peak of €102 billion. Disposable income is up by a further 4.7% this year and this is expected to support consumer spending growth through this year and next.

Another important influence on consumer spending is household wealth, as perceptions of increasing wealth raise consumer confidence, encouraging people to release funds for spending. Irish household wealth is increasing again as property values recover and progress is being made in paying down debt.

As a result, consumer confidence is very strong here at present, and significantly higher than in the UK and the rest of Europe. It fell a little bit in the second half of 2016 due to worries about Brexit. However, the confidence barometer is now back in positive territory and has got a significant boost in recent months.

This is driving a steady increase in consumer spending that is producing sales growth in most retail and service sectors. The strongest growth was in cars which accounted for 24% of total consumer spending growth. Spending on holidays also increased by 10% last year.

Retail sales excluding the motor trade grew by 5.3% in volume and 2.4% in value in 2016 which was a relatively strong performance, considering the upheavals provoked by Brexit and the US election. Retail sales have continued to be strong in the first half of 2017, up by 6% in volume and 3% in value, the highest rate of growth experienced since 2007.

In contrast, sales of new cars were down by 10% in the first half of this year, for a total of 87,346 units. This might suggest a weakening in the consumer economy but that is not actually the full story because there has been a dramatic rise in the number of imported second hand cars, up 47% in 2016, and up by another 46% in the first half of 2017 for a total of 44,945. This reflects the weakening of sterling which has made imports better value. Taken together, car sales in the first half of the year are actually up by 3% on last year, which is quite healthy.



5%

Pay increases are up by 2% on average in 2015 and by 5% in 2016. The depreciation in the value of Sterling since the Brexit referendum has also helped, causing consumer prices to be approximately 1.2% lower than would have been the case had Sterling remained stable.



+9.4

The first half of 2017 saw confidence pick up again, reaching a high of 9.4 in June, reflecting continuing strength in the economy. This level of confidence is consistent with a solidly improving Irish economy, although a majority of consumers say they do not perceive an improvement in their own finances.

Sales of services are also showing a bit of weakness, with growth slowing to 2.5% in the second quarter of this year, compared to 5.5% for 2016. Professional, scientific and technical services have done best in Q2 (+11.9%), followed by wholesaling (+6.7%), and accommodation (+3%), but several other categories have fared poorly: administrative and support services (-3%), Transportation and Storage (-1%), Information and Communication (-3%), and Other Service Activities (-8%).

Residential property is the sector under most pressure, as is well known. There were 45,342 homes sold in 2016 which was actually lower than the 47,313 sold in 2015, partly driven by a shortage of supply.

There were just 20,500 properties for sale nationwide in March 2017, the lowest since the series started in January 2007. Despite the tight market, residential transaction volumes are up in 2017; there have been 16,975 transactions in the first half of the year, up 8% year-on-year. Mortgage approvals in Q1 2017 were also up by a very large 41%, for a total of 17,605, indicating the strength of demand in the market.

Consumer Confidence

Consumer confidence in Ireland reached a record high in June 2015, and remained strong through the rest of the year. At this point, confidence here was well ahead of the last peak in 2007, and well ahead of our European neighbours.

Confidence fell steadily through 2016, with Q4 at 5.9, (compared to 16.6 in Q4 2015,) reflecting uncertainty about Brexit, the US presidential election, and industrial unrest.

The first half of 2017 saw confidence pick up again, reaching a high of 9.4 in June, reflecting continuing strength in the economy. The current level of confidence is consistent with a solidly improving Irish economy, although a majority of consumers still say they do not perceive an improvement in their own finances.

Consumer confidence in the UK has been negative since Q2 2016 due to worries about Brexit, as well as general political uncertainty. Confidence has declined steadily through the first half of 2017, reaching -7 in June.

2016 was a tumultuous year for US consumers, which negatively affected confidence levels. However, confidence has recovered this year, to the highest level in 16 years, despite the continuing upheaval in the White House.

Consumer Incomes and Spending

The amount of disposable income in the economy rose by 5.5% in 2015 and by 4.4% in 2016 bringing it to a total of €99 billion, close to the €100 billion level that was last seen in 2007. Increasing employment and pay increases of 2% in 2015 and 5% in 2016, were the main drivers of the increases in disposable income. Lower fuel prices and a weakening in the value of Sterling also boosted disposable income.

Disposable income is up by a further 4.7% this year so far, suggesting continuing strength in the consumer economy.

Household spending began to recover in 2014, when it grew by 2%, and it grew by a very strong 4.5% in 2015. Spending continued to grow in the first half of 2016, but the rate of growth weakened in the latter half, ending the year up by 3.3%. The pre-Christmas peak in 2016 surpassed the 2007 peak for the first time in nine years. Within this, goods related consumption was particularly buoyant - up by 4.1%, with services related consumption growing by 2.4%.

Spending is continuing to grow in 2017, up by 3% for Q1, year-on-year, and is currently the main driver of growth in the Irish economy, along with construction. Growth of 3% is forecast for 2017 as a whole, and this rate of growth is expected to continue in 2018.

All of the main components of spending continue to be strong in 2017. Retail was up by 6% in volume terms in the first half and Vat was up by 11%, year-on-year, supporting evidence of strong spending. Services were not quite as strong, up by 2.5% on average for the first half of the year.

Personal spending in the UK grew each quarter since Q4 2011 at an average annual rate of 2%, and continued to grow right through to the end of 2016, suggesting that Brexit had little impact up to that point. However, growth has slowed to 0.1% in Q1 2017, as have other key economic indicators.

Consumer Borrowing

Borrowing by Irish consumers grew at a record level from 2000 and peaked in March 2008 at €150 billion, but declined steadily since then, down -41% to €86 billion in Q1 2017. Household debt continued to fall during 2016, down to €30,199 per capita, but grew by a very slight 0.4% in Q1 2017, the first sign of a return to normal conditions.

Loans for house purchase, which account for 84% of household loans, peaked in Q1 2008 at €124 billion, but decreased to €73 Billion by end Q4 2016, a cumulative decline of 40%, or an annual rate of -2.4%. The number of mortgages in arrears fell further in Q1 2017-- the fifteenth consecutive quarter of decline. A total of 76,422 (10%) of accounts were in arrears at end-March.

Lending for other consumption accounts for approximately 18% of total borrowing. This category peaked in Q1 2008 at €30 billion but declined to €12 billion by December 2016, a reduction of 60%. This category resumed growth in 2016, up by 5.9%, and is growing by a very significant 10% in Q1 of this year, primarily driven by car financing.

Overall, the ratio of household debt to disposable income has fallen by 60% since a peak of 215% in mid-2011. Between Q4 2012 and Q4 2016,

Irish household debt has fallen from 194% of disposable income to 141%, a decline of 53%. Despite this, Irish households remain the fourth most indebted in the European Union.

Residential Property

Residential property is the sector under most pressure, and this has been the case ever since the economy started to recover. There were 45,342 homes sold in 2016 which was lower than the 47,313 sold in 2015, in a situation of very short supply. There were just 20,500 properties for sale nationwide in March 2017, the lowest since the series started in January 2007.

Despite the tight market, residential transaction volumes are up in 2017; there have been 16,975 sales transactions in the first half of the year, up 8% year-on-year. Mortgage approvals in Q1 2017 were also up by a very large 41%, for a total of 17,605, indicating the strength of demand in the market.

Car Sales

New car sales were up 30% in the first half of 2016 but this slowed in the second half of the year. A final figure of 142,688 cars was sold in 2016, up 18% on the 121,110 cars sold in 2015. The 2016 total was just about the average annual sales level of the early 2000s.

New car sales have been weak in the first half of 2017, down 10.4% year-on-year, for a total of 87,346 units. This would normally suggest a weakening in the consumer economy but that is not actually the full story because there has been a dramatic rise in the number of imported second hand cars, up 47% in 2016, and up by another 46% in the first half of 2017, to a total of 44,945. This reflects the weakening of sterling which has made imports better value.

Taken together, car sales in the first half of the year are actually up by 3% on last year, which is quite healthy, and not indicative of a weakening in consumer spending.

2.045 million people at work

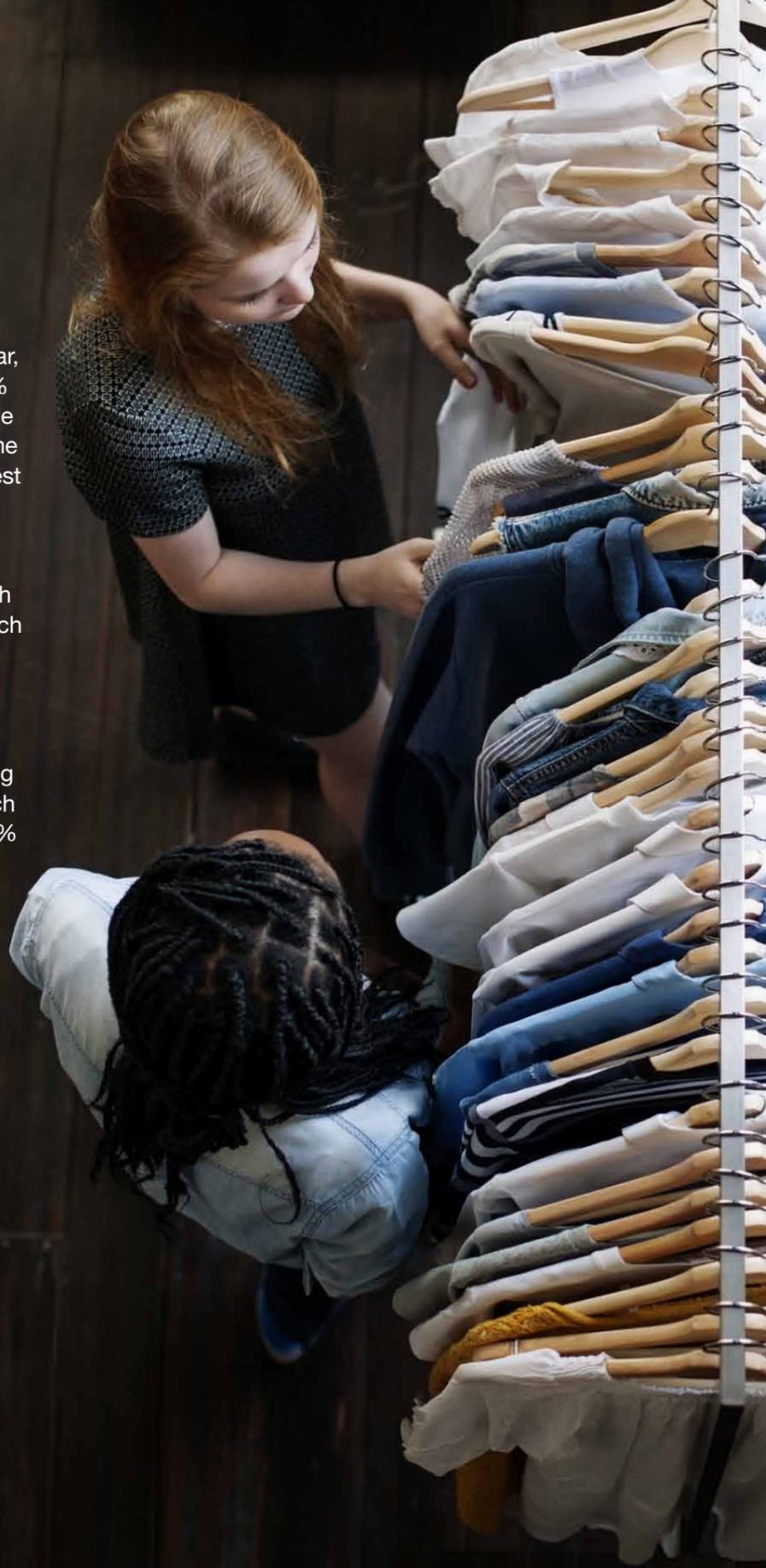
Employment is expected to continue performing strongly this year and next, with growth of 2.8% projected for 2017 and 2.3% in 2018. This will mean an additional 105,000 persons at work which would bring employment to over 2.15 million for the first time since 2008.

Retail Spending

Retail sales got off to a good start in the first quarter of 2017, up by 5.9% in volume and 2.3% in value on an annual basis. This growth accelerated in Q2, up by 6.9% in volume and by 3.6% in value, year-on-year. For the first half year, therefore, retail sales have grown by 6% in real volume terms, and by 3% in value terms, suggesting a very strong outcome for the year as a whole. This is the fastest growth in retail sales since 2007.

All product categories except books/newsagents experienced healthy growth in Q2 2017. Household equipment, which combines furnishings, electrical goods, hardware, paints and glass, continues to be the fastest growing category, up by 12.9% in volume and 7.1% in value, year-on-year. The only category showing weakness was books/newsagents which continued a declining pattern, down -2% year-on-year, both in volume and value.

Fortunately, retail sales got off to a good start in the first quarter of 2017. This growth accelerated in Q2, up by 6.9% in volume and by 3.6% in value, year-on-year.



Fuel up 1.4% in volume and up 6.4% in value



Bar sales up 1.3% in volume and up 2.6% in value



Department stores up 7.2% in volume and 2.4% in value



Household equipment up 12.9% in volume and 7.1% in value



Non-specialised stores (supermarkets) up 5.8% in volume and 4% in value



Clothing, footwear & textiles up 6.2% in volume and 1.1% in value



Books, newspapers, stationery down -2.0% in volume and -2.0% in value



Food sales up 5.3% in volume and up 3.5% in value



Pharmaceuticals and cosmetics up 4.8% in volume and 2.9% in value

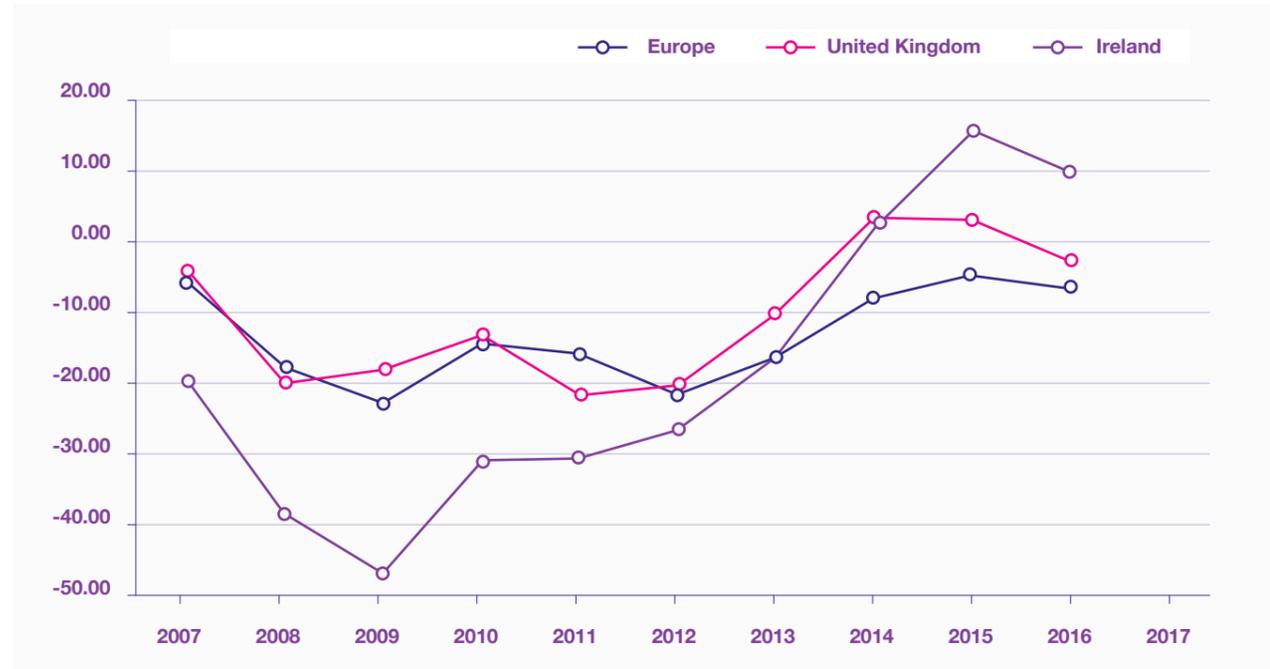
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Consumer & Retail Analysis



Consumer Confidence Annual

Consumer Confidence 2007-2016



Consumer confidence in Ireland fell dramatically in 2008 as the financial crisis unfolded, and remained low through 2009, 2010, 2011 and 2012. Confidence recovered slightly in 2013 and rose further through 2014 due to a steady flow of good news on employment.¹

This upward trend continued in 2015, reaching a record high of +16.7 in June, and remained strong for the rest of the year.² At this point, consumer confidence here was well ahead of the last peak in 2007, and also well ahead of our European neighbours.

Consumer confidence fell slightly through 2016, with Q4 at 5.9, (compared to 16.6 in Q4 2015)

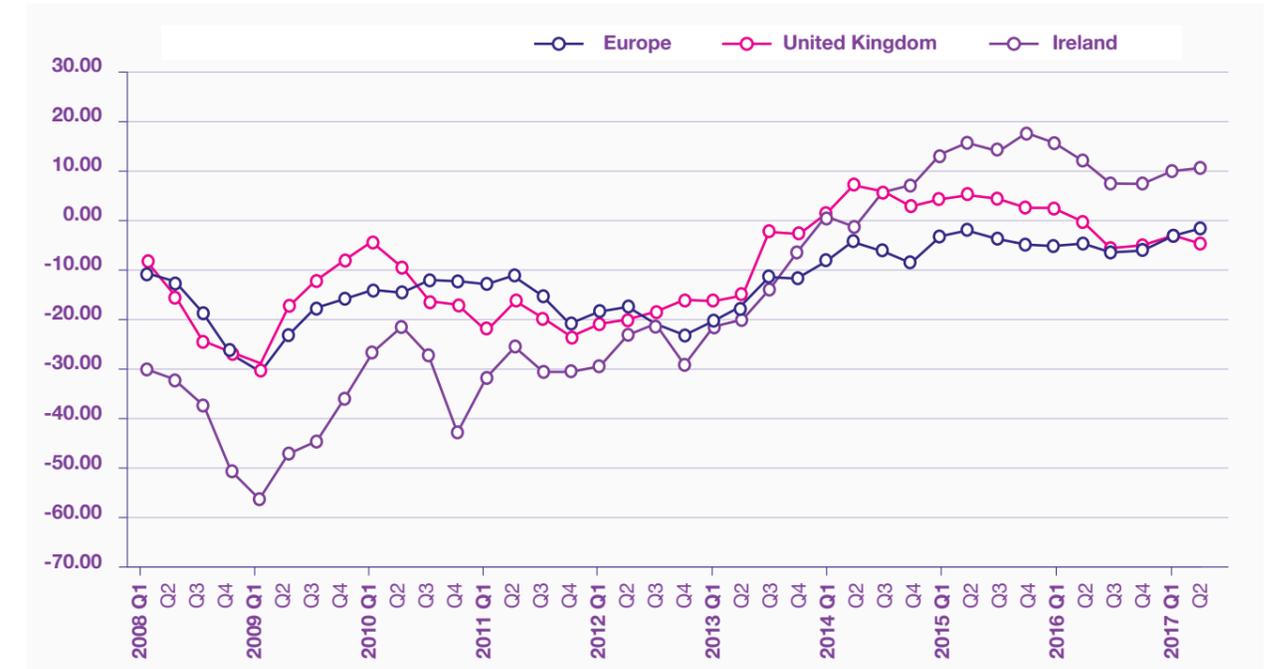
reflecting uncertainty about Brexit. However, it has picked up again this year, to 9.4 in June, which should underpin a stronger performance in the consumer economy.

Consumer confidence in the UK has been negative since Q2 2016, as consumers are still worried about the Brexit result, and 2017 is continuing this trend, down to -5.6 in June.

2016 was a tumultuous year for US consumers due to the Presidential election which negatively affected confidence.³

Consumer Confidence Quarterly

Consumer Confidence January 2008-June 2017



Consumer confidence in Ireland has been recovering since 2013, reaching a record high of +16.7 in June 2015.⁴ At that point, consumer confidence here was well ahead of the last peak in 2007, and also considerably higher than our European neighbours.

Consumer confidence fell slightly through 2016, with Q4 at 5.9, (compared to 16.6 in Q4 2015) reflecting uncertainty about Brexit and industrial unrest.

The first half of 2017 saw confidence pick up again, reaching a high of 9.4 in June, reflecting continuing strength in the economy. The current level of confidence is consistent with a solidly

improving Irish economy, although a majority of consumers still do not perceive an improvement in their own finances.⁵

Consumer confidence in the UK has been negative since Q2 2016 due to worries about Brexit as well as general political uncertainty. Confidence has declined steadily through the first half of 2017, reaching -5.63 in June.

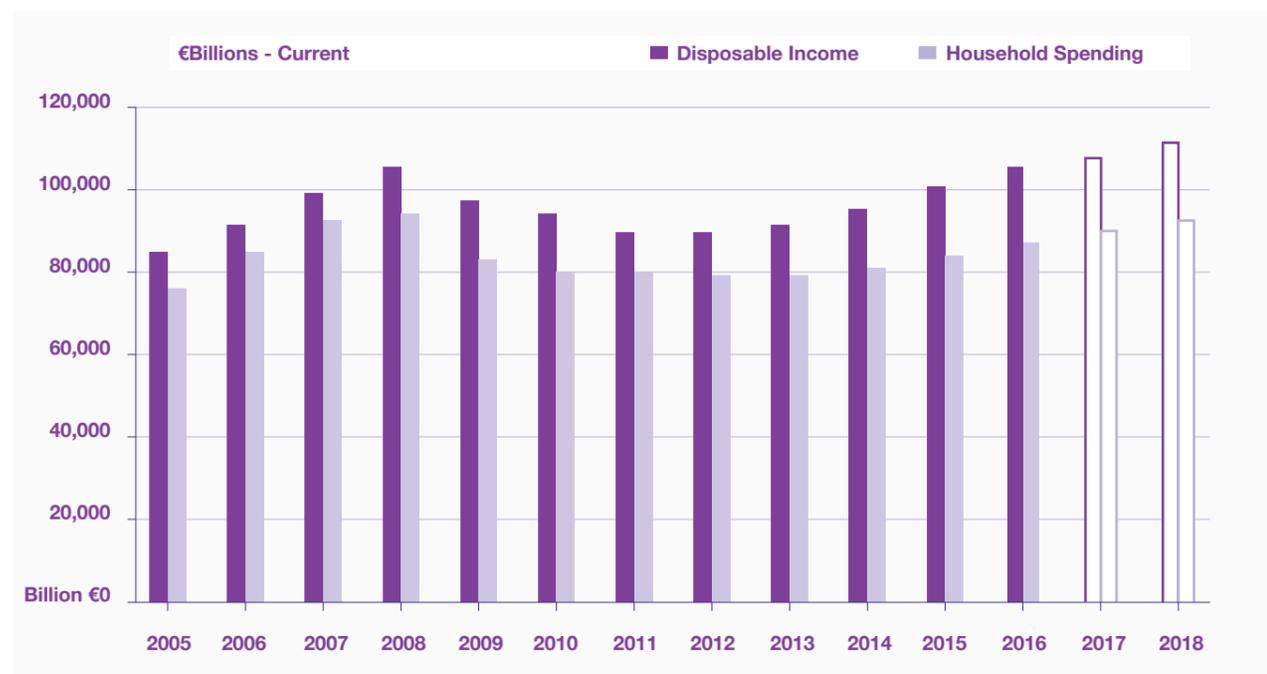
2016 was a tumultuous year for US consumers, which negatively affected confidence levels.⁶ However, confidence recovered this year to the highest it has been since 2001, up to 119 in June, despite the continuing upheaval in the White House.⁷

01. www.independent.ie/business/irish/irish-consumer-sentiment-nears-eightyear-high-in-december-30892291.html
02. <http://www.rte.ie/news/business/2015/1001/731686-consumer-sentiment/>
03. <http://www.usatoday.com/story/money/business/2016/04/28/consumer-confidence-april/26475567/>

04. <http://www.rte.ie/news/business/2015/1001/731686-consumer-sentiment/>
05. <https://www.centralbank.ie/docs/default-source/publications/economic-letters/economic-letter-vol-2016-no-5.pdf?sfvrsn=6>
06. <http://www.usatoday.com/story/money/business/2015/04/28/consumer-confidence-april/26475567/>
07. <https://www.cnn.com/2017/06/27/june-us-consumer-confidence.html>

Consumer Incomes and Spending Annual

Disposable Incomes and Household Spending



Disposable income in Ireland increased by 60% from 2002 to 2008 – from €65bn to €104bn, due to growing employment and rising incomes.⁰⁸ This trend reversed in 2009, and continued downwards until 2012, down by -15% in real terms from 2008 to 2012 as a result of rising unemployment, falling wages and higher taxes.⁰⁹

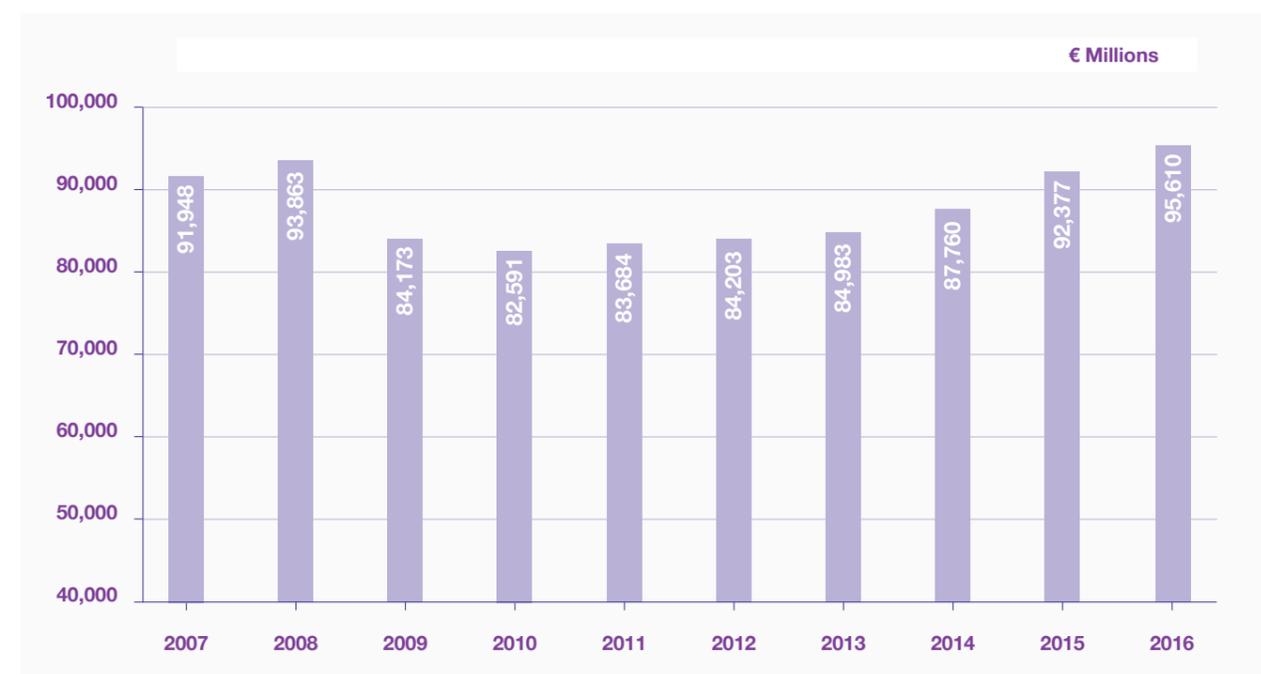
This trend reversed in 2013, when disposable income rose by 3%. It continued to rise in 2014, up by 3%, in 2015, up by 5.5%, and by 4.4% in 2016, from €95 billion to €99 billion. This recovery was driven by the fact that there were more people at work and by pay increases. There are now 2.048 million people at work, up 65,000 for the year, and up 223,000 from 2012. Pay increases of 2% were common in 2015 and 2016.¹⁰

Household spending, which accounts for about 90% of all personal spending, closely mirrors income, increasing by 48% from 2002 and 2008, from €62bn to €92bn. Spending then declined for five years, to a low of €78 billion in 2011, a net reduction of -15% in current terms and -7.5% in real terms.

Household spending was almost static from 2011 to 2013, but began to recover in 2014, up by 2%, and increased by a substantial 4.5% in 2015. Household spending continued to grow in 2016, from €85 billion to €88 billion, up by 3.5% for the year.¹¹

Personal Spending on Goods/Services Annual

Personal Spending on Goods/Services 2007 - 2016



Personal consumption spending is split about equally between services and retail. Personal spending rose rapidly from 2000 to 2007, by 43% in total, or an average of 6% per year. Spending slowed in 2008, and declined steadily over the next four years. In sum, personal spending fell by -14% in current terms (-7% in real terms) from 2007 to 2013.

Following six years of decline, personal consumer spending grew by 2% in 2014, by 4.5% in 2015, and by 4% in 2016.¹² Retail sales (excluding motor trades) increased by 5.3% in 2014, by 7.4% in 2015, and by 5.3% in 2016 in real, volume terms.

Activity in the services sector was also higher, up 4.1% in 2014, 5.7% in 2015, and 5.4% in 2016.¹³

Consumer spending in the UK fell -4% from the 2007 peak to the trough in 2011, from £955 to £916 billion. Spending rallied again between 2012 and 2014, rising about 2% per year, reaching the same level as in 2007.¹⁴ Growth continued in 2015 and 2016 at 3% per annum.

US consumer spending continues to be in recovery mode, with personal spending increasing by 3.6% in 2013, 3.1% in 2014, 3% in 2015, and 2.8% in 2016.¹⁵

08. CSO Institutional Sector Accounts, Q4, 2016.

09. <http://danmclaughlin.ie/blog/record-rise-in-irish-household-real-incomes-in-2015/>

10. <http://www.cso.ie/en/releasesandpublications/er/qnhs/quarterlynationalhouseholdsurveyquarter42016/>

<http://www.irishexaminer.com/ireland/lbec-71-of-employees-set-to-receive-pay-rises-in-2016-360494.html>

11. CSO Institutional Sector Accounts, Quarter 4, 2016.

12. Central Bank of Ireland, Quarterly Economic Bulletin, Quarter 1, 2017.

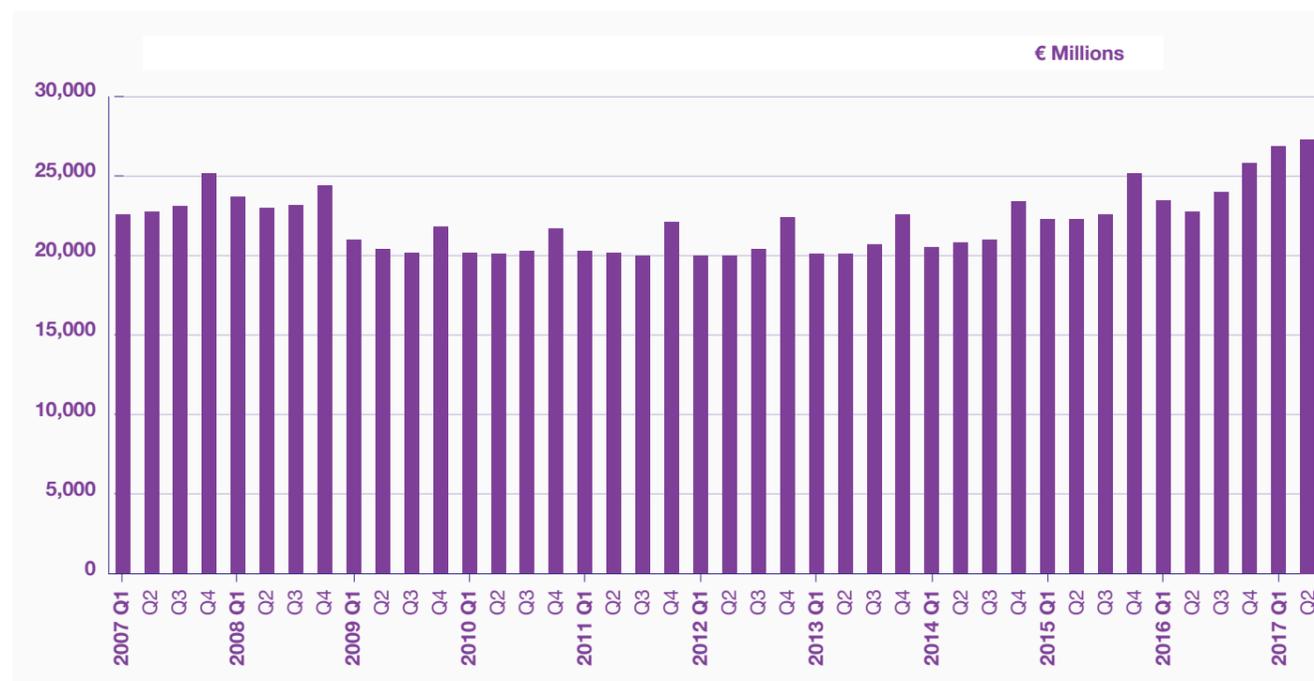
13. <http://www.cso.ie/en/releasesandpublications/er/si/monthlyservicesindexdecember2015/>

14. www.ons.gov.uk/ons/dcp171778_357940.pdf

15. www.wsj.com/articles/u-s-consumer-spending-down-0-3-in-december-1422883888

Personal Spending on Goods/Services Quarterly

Personal Spending on Goods/Services January 2007 - June 2017



Personal spending peaks in the fourth quarter each year, in the run up to Christmas. This peak reached an all-time high in the final quarter of 2007 but declined for six years after that. Consumer spending turned a corner in 2014, when it grew by 2%, and it grew by a very strong 4.5% in 2015.¹⁶

Personal spending continued to grow strongly in the first half of 2016, but the rate of growth weakened in the latter half, ending the year up by 4%. The pre-Christmas peak in 2016 surpassed the 2007 peak for the first time in nine years.

Growth is continuing in 2017, up by 3% for Q1, indicating continuing strength in the consumer

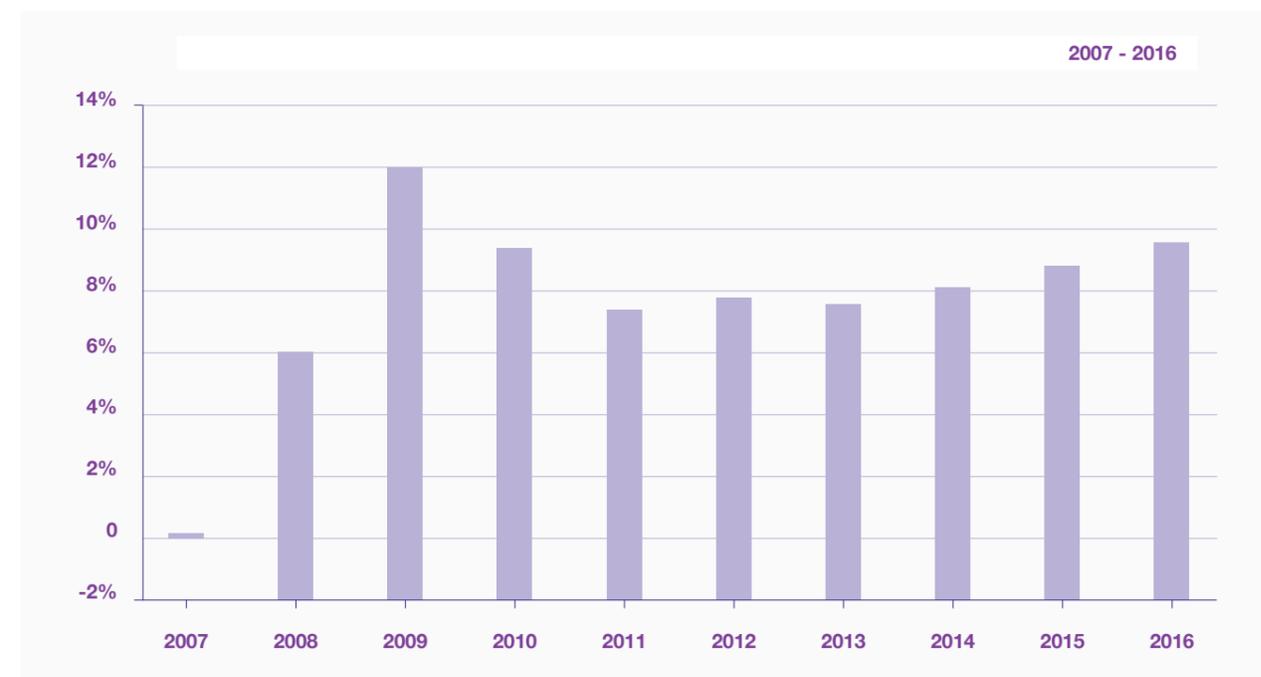
economy, which is now the main driver of the overall economy.¹⁷

Personal spending in the UK has grown each quarter since Q4 2011, at an average annual rate of 2%. Spending continued to grow at an annual rate of 3% through 2016, suggesting that Brexit had little impact up to that point.¹⁸ However, Brexit and inflation have begun to take their toll, as growth has reportedly slowed to 0.1% in Q1 2017.¹⁹

The same worries have hit the US, as growth in consumer spending slowed to 0.3% in Q1 2017, year-on-year, following 3.5% in the last quarter of 2016.²⁰

Personal Savings Annual

Net Personal Saving as a % Disposable Income 2007 - 2016



As in many countries, the household saving ratio in Ireland fell to a record low in 2007 ahead of the financial crash and then increased to more than 10% at the height of the crisis in 2009. In recent years, it has declined again to a more normal level of about 6%.²¹

Over 80% of this saving represents repayment of loans.²² Household deposits increased by €2.5 billion (2.7% for the year to end-March 2017). This marked the tenth consecutive quarter of positive flows in the series. As regards reasons for saving, 48% of Irish households report saving for unexpected events, followed by 31% who save for the education of or to support their children. This is similar to other euro area countries.

Household net worth stood at €654 billion in Q4 2016, or €137,286 per capita. It has risen by 47% since the low of €444 billion in mid-2012, but it is still 10% lower than its peak of €718 billion in mid-2007.

The UK net savings ratio declined from the mid-1990s until 2007 when it reached 1.4%. It rose again following the financial crisis and reached a peak of 8.6% in Q2 2009, but has since fallen back to a more normal level of 5.3% in September 2016.²³

Personal savings in the US averaged 6.8% from 1959 through 2014, reaching an all-time high of 14.6% in May of 1975 and a record low of 0.8% in 2005.²⁴ The net saving ratio was 5.7% in September 2016.²⁵

16. Central Bank of Ireland, Quarterly Economic Bulletin, Quarter 1, 2017.

17. <http://www.cso.ie/en/releasesandpublications/er/na/quarterlynationalaccountsquarter12017/>

18. <http://www.ons.gov.uk/economy/nationalaccounts/satelliteaccounts/bulletins/consumertrends/quarter2aprttojune2016>

19. <http://www.cnn.com/2017/03/07/uk-consumer-spending-hits-5-year-low-ahead-of-brex-it-budget.html>

20. <http://www.reuters.com/article/us-usa-economy-idUSKBN1721MX>

21. [www.ibec.ie/IBEC/Publications.nsf/vPages/Economic_Outlook-economic-outlook---august-2017-09-08-2017/\\$File/IBEC_Q2_2017.pdf](http://www.ibec.ie/IBEC/Publications.nsf/vPages/Economic_Outlook-economic-outlook---august-2017-09-08-2017/$File/IBEC_Q2_2017.pdf)

22. www.irishtimes.com/business/personal-finance/household-wealth-at-highest-level-since-2008-1.2203542

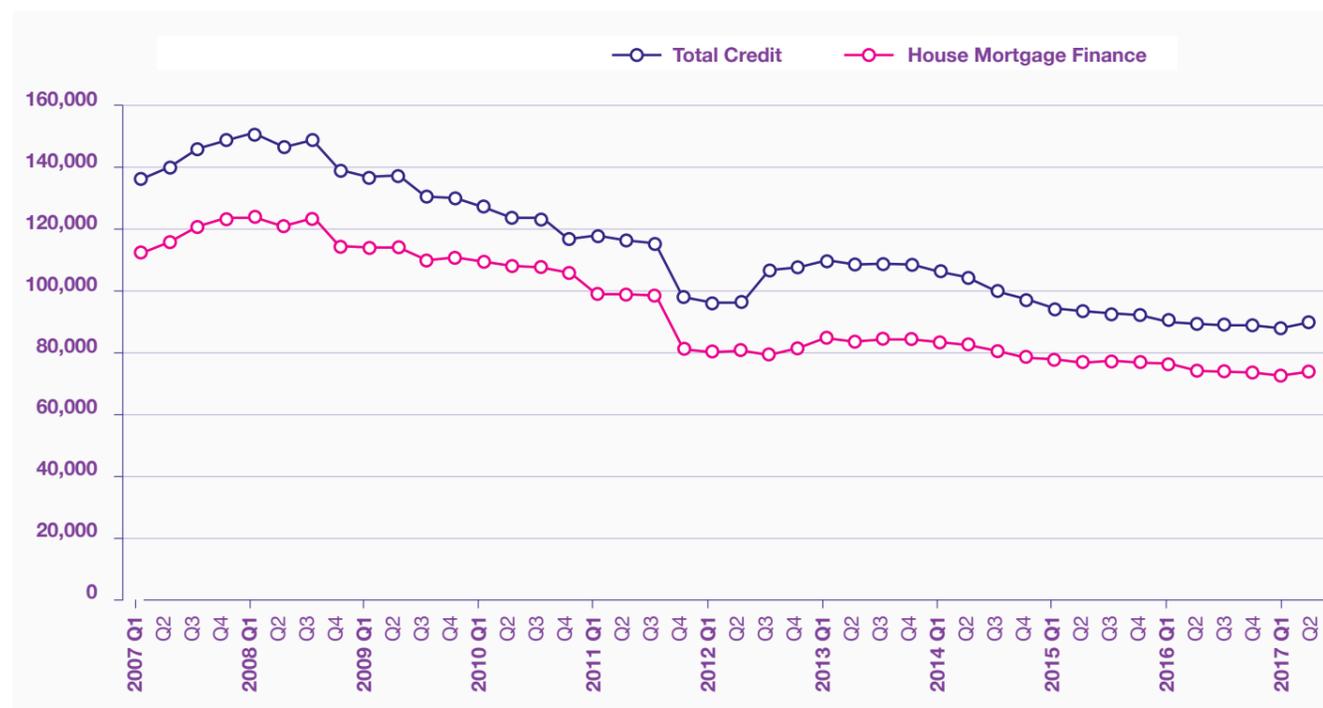
23. www.tradingeconomics.com/united-kingdom/personal-savings

24. US Bureau of Economic Analysis

25. <http://www.tradingeconomics.com/united-states/personal-savings>

Personal Borrowing Quarterly

Personal Borrowing January 2007- June 2017



Borrowing by Irish consumers grew at a record level from 2000 and peaked in March 2008 at €150 billion, but declined steadily since then, down -41% to €86 billion in Q1 2017. Household debt continued to fall during 2016, down by €1.5bn to €144 billion or €30,199 per capita, but grew by a very slight 2% in Q2 2017, the first sign of a return to normal conditions.²⁶

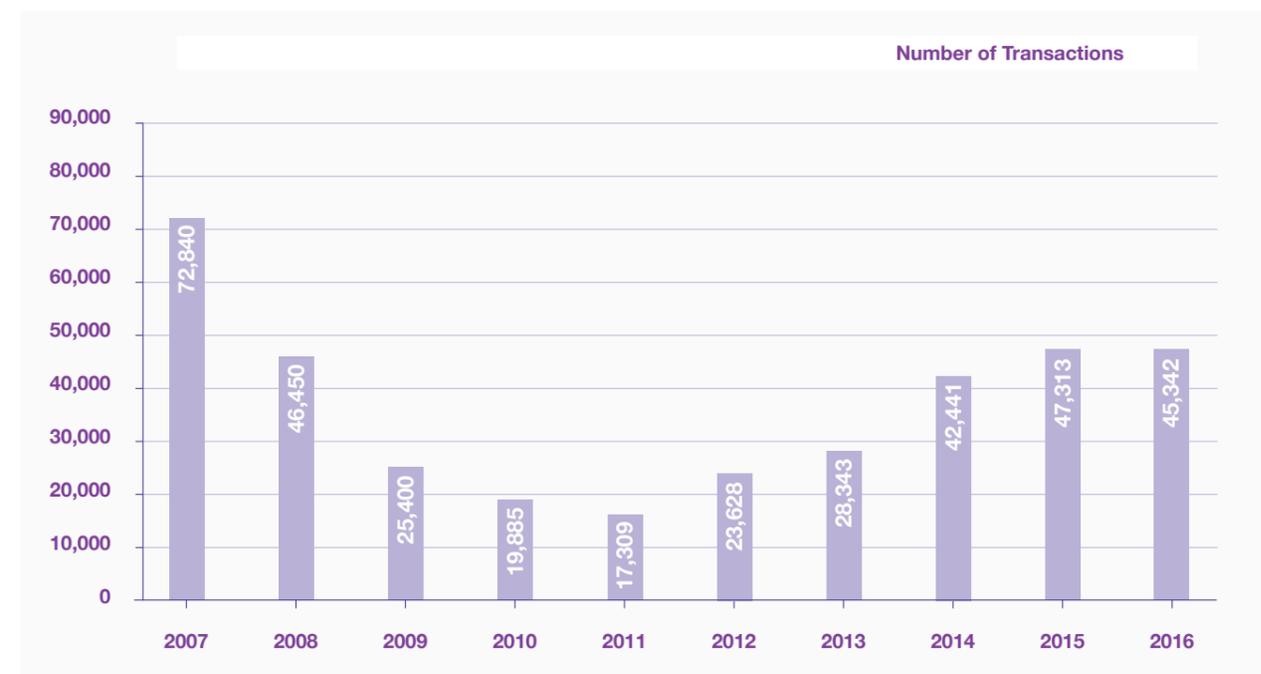
Loans for house purchase, which account for 84% of household loans, peaked in Q1 2008 at €124 billion, but decreased to €73 Billion by end Q4 2016, a cumulative decline of 40%, or an annual rate of -2.4%. The number of mortgages in arrears fell further in Q1 2017, the fifteenth consecutive quarter of decline. A total of 76,422 (10%) of accounts were in arrears at end-March.²⁷

Lending for other consumption accounts for approximately 18% of total borrowing. This category peaked in Q1 2008 at €30 billion but declined to €12 billion by December 2016, a reduction of 60%. This category resumed growth in 2016, up by 5.9%, and it grew by a very significant 10% in Q1 of this year.

Overall, the ratio of household debt to disposable income has fallen by 60% from a peak of 215% in mid-2011, down more than any other EU country. This ratio stood at 141% in 2016, which leaves Irish households still the fourth most indebted in the European Union.

Residential Property Sales Annual

Number of Homes Sold 2006 - 2016



The number of mortgages issued peaked in 2005 at 85,000 but fell to a low of 9,700 in 2011.²⁸ 2011 was also the nadir in terms of residential property sales, totalling just 17,309.

Sales picked up slightly in 2012 and 2013, but 2014 was the first year to see a major lift in the housing market, with 42,441 sales and 19,125 new mortgages issued, an increase of 50% over the prior year. This upward trend continued in 2015, with 47,313 sales and 22,767 new mortgages issued, up 19% on 2014.

In 2016, the number of sales transactions actually fell slightly, down by 4% to 45,342, while there

were 23,589 mortgages issued. Sales decreased because of a lack of stock; just 20,000 properties or 1.4% of the national housing stock was on the market in January 2016.²⁹

There were 1.235 million residential properties sold in the UK in 2016, up just 1% on the previous year, possibly because of the imposition of higher tax rates.³⁰

Sales of residential property in the US were steady in 2016, at 5.8 million units, up 3% on 2015.³¹

26. <http://www.rte.ie/news/business/2016/0818/810205-household-debt/>

27. <https://www.centralbank.ie/news/article/residential-mortgage-arrears-and-repossessions-statistics-q1-2017>

28. Data are not available for sales of residential properties prior to 2010, so we used the number of mortgages issued for house purchase as a proxy, adjusted for cash sales.³⁹ New loans for purchase of private homes. Excludes top-ups and buy-to-let.

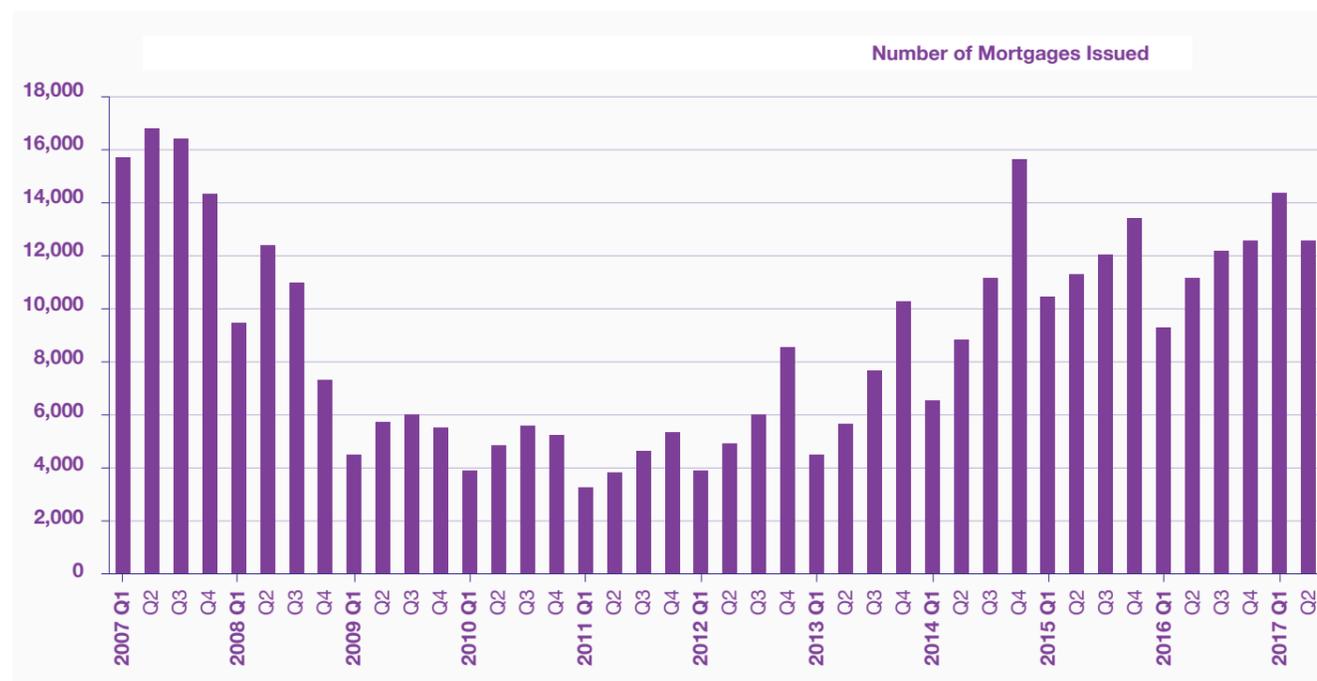
29. <http://www.irishtimes.com/life-and-style/homes-and-property/eight-reasons-why-the-property-market-is-still-struggling-1.2694695>

30. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/584668/UK_Tables_Jan_cir_.pdf

31. <http://www.worldpropertyjournal.com/real-estate-news/united-states/freddie-mac-mortgage-refinance-data-2015-refi-rates-len-kieferbest-mortgage-rates-home-affordable-refinance-program-harp-refinance-loans-9058.php>

Residential Property Sales Quarterly

Number of Mortgages Issued January 2007 - June 2017



There were 47,313 homes purchased in 2015, up 12%, despite tighter lending rules. There were 22,767 mortgages issued, accounting for about 50% of transactions.³²

The number of sales transactions actually fell in 2016, down by 4%, to 45,342, partly because of a shortage of properties; just 19,400 homes or 1% of the national housing stock was for sale in Q4 2016, the lowest since the series started in January 2007.³³

Despite the tight market, residential sales volumes are up in 2017; there have been 16,975 sales in the first half of the year, up 8% year-on-year.³⁴ Mortgage approvals were also up by a very large 41% in Q1 2017, for a total of 17,605.

Despite the tight market, residential sales volumes are up in 2017; there have been 27,128 sales in the first half of the year, up 32% year-on-year.³⁵

There were 1.228 million residential properties sold in the UK in 2015 and 1.235 million in 2016. The UK housing market has slowed further in 2017 as the number of homes on the market hit new lows.³⁶ Prices are falling and transactions are depressed.³⁷

Sales of homes in the US were up 3% in 2016, at 5.8 million units.³⁸ Sales and prices are continuing strongly this year, with supply being a limiting factor.

32. <http://media.myhome.ie/content/propertyreport/MyHome-Property-Report-Q4-2016.pdf>

33. <https://www.daft.ie/report/2017-Q1-hp-daft-report.pdf>

34. <https://media.myhome.ie/content/propertyreport/2017/MyHome-Property-Report-Q2-2017.pdf>

35. <https://media.myhome.ie/content/propertyreport/2017/MyHome-Property-Report-Q2-2017.pdf>

36. <http://www.telegraph.co.uk/property/house-prices/housing-market-grinds-halt-number-homes-market-hits-record-low/>

37. <https://www.theguardian.com/money/2017/apr/28/uk-house-prices-april-brex-it-inflation-wages-nationwide>

38. <http://www.worldpropertyjournal.com/real-estate-news/united-states/freddie-mac-mortgage-refinance-data-2015-refi-rates-len-kiefer-best-mortgage-rates-home-affordable-refinance-program-harp-refinance-loans-9058.php>



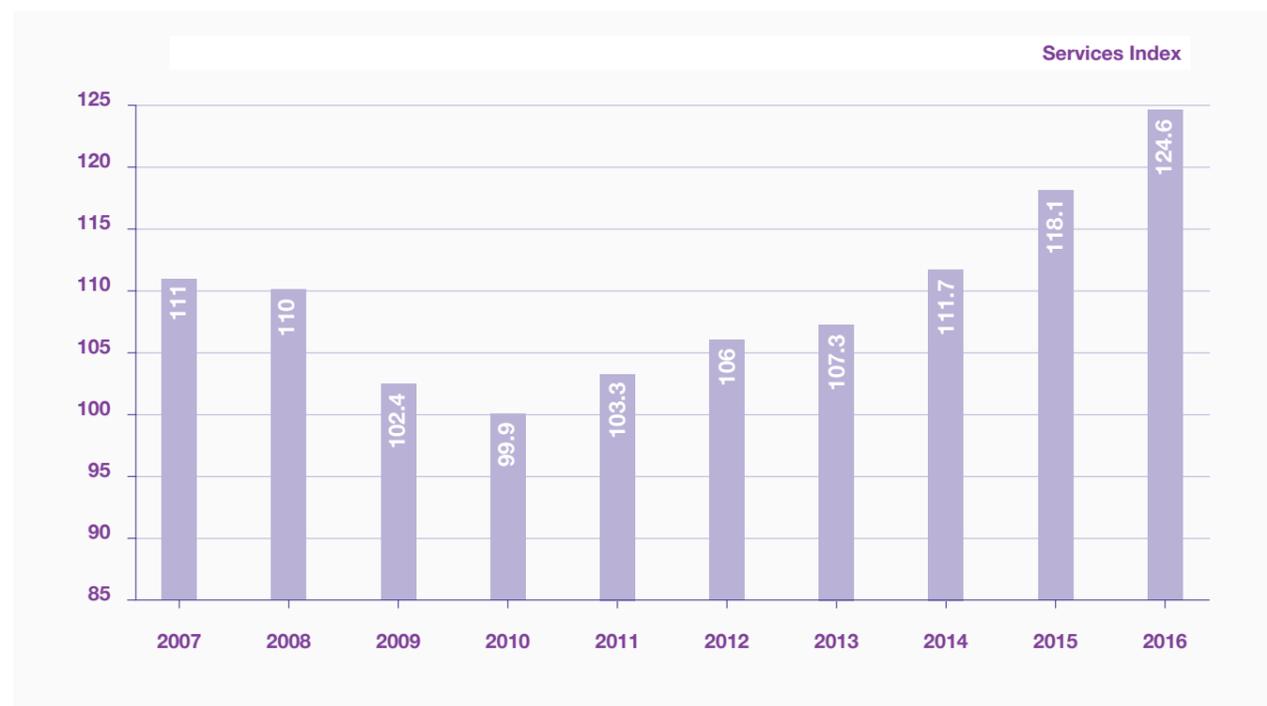
8%

Residential property is the sector under most pressure, and this has been the case ever since the economy started to recover. There were 45,342 homes sold in 2016 which was lower than the 47,313 sold in 2015, in a situation of very short supply.



Services Index Annual

Services Index 2007 - 2016



The services sector accounts for about half of all personal consumer spending, with retailing accounting for the other half. This sector includes accommodation and food service, professional services, information and communication, wholesaling and transportation.

The services sector recovered more quickly from the recent recession than the retail sector, showing modest growth from 2011 onwards, and recovered more rapidly in the last two years. The index overtook the 2007 peak in 2014, and made further gains in 2015, up by 5.8% for the year as a whole. This trend continued in 2016, up 5.5%.

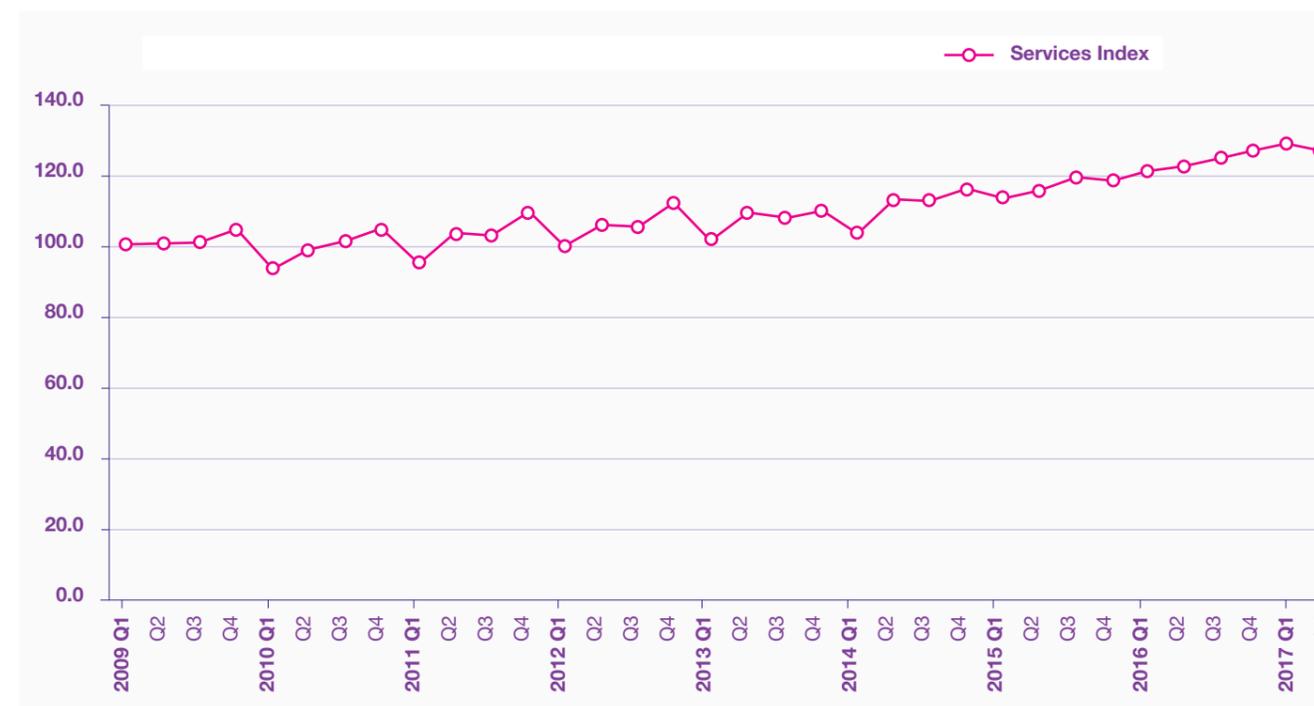
There was considerable variation, however, within the sub-categories, with some performing above the average and others below. Information/communications did best at a 2016 index level of 150, 23% better than the average. Food service and wholesaling did next best, with their indices reaching 140. Accommodation fared next best, at around 138. Transportation was slightly behind the average at 116, while Professional, scientific and technical services did least well at 94.

The services sector in the UK reached a 17 month low in 2014, although it picked up in 2015, rising by 2.3% year-on-year, and was up by a further 3.2% in 2016.³⁹

39. http://www.ons.gov.uk/ons/dcp171778_431487.pdf

Services Index Quarterly

Services Index January 2009 - June 2017



The services sector has a marked seasonal trend, with the highest sales occurring in Q4 each year, reflecting the spending pre-Christmas and New Year. Following a drop of 7% in 2009, the services index recovered steadily from 2010 onwards.

Moving steadily upwards through 2014, 2015, and 2016 by 5% per annum on average, the services index has continued to grow in 2017, but at a slightly lower rate. Q1 of this year grew by 4.6% year-on-year, and averaged 2.5% for the 3 months to the end May.

The category figures for the 3 months to May 2017, year-on-year, were as follows: Accommodation and Food Service (+3.1%) year-on-year, Professional, Scientific and

Technical (+11.9%), Wholesale (+6.7%), Administrative and Support Service (-3%), Transportation and Storage (-1%), Information and Communication (-3%), and Other Service Activities (-8%).⁴⁰ These growth rates were well down on the rates achieved for the previous year.

The UK Services Activities Index has grown steadily since Q3 2009, up by around 3% per year in recent years. However, there has also been a levelling off in Q1 2017, to 2.4%, with Q2 up by just 0.4% on Q1.⁴¹

Europe continues to lag in terms of growth in the services sector, reporting just 1.4% growth in 2015, and less than 1% in the two previous years.⁴² Growth began to pick up in 2016, up by 3%.⁴³

40. <http://www.cso.ie/en/releasesandpublications/er/si/monthlyservicesindexmarch2017/>

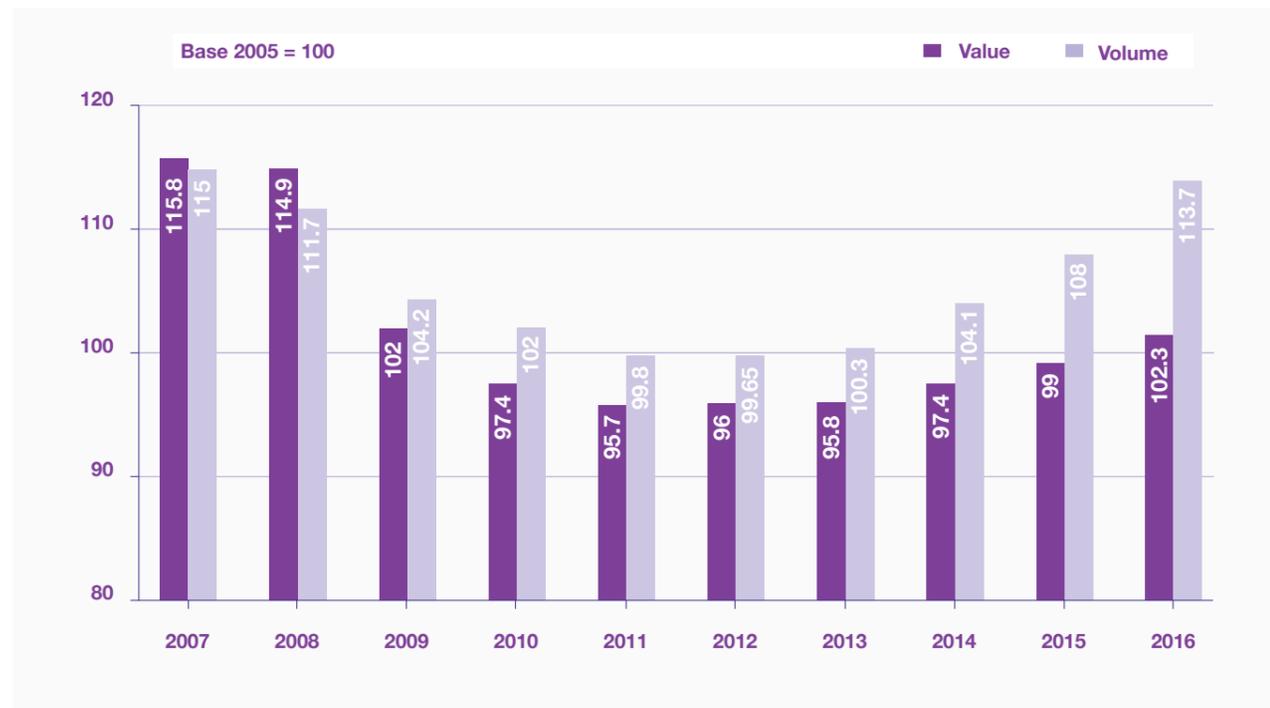
41. <https://www.ons.gov.uk/economy/economicoutputandproductivity/output/bulletins/indexofservices/feb2017>

42. <http://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=teisi710&language=en>

43. http://ec.europa.eu/eurostat/statistics-explained/index.php/Services_statistics_-_short-term_indicators

Retail Sales Annual

Retail Sales Index 2006 - 2016



Retail sales, excluding the motor trade, grew exceptionally strongly from 2000 to 2007, with volume up by 32% and value by 52%. This was stimulated by increases in employment and income, as well as by low interest rates and high levels of borrowing.

Retail sales fell each year from 2007 to 2012, down -10% in volume, while value declined by -16%. Sales stabilised in 2012, with volume and value more or less static. 2013 saw a very slight increase of 0.8% in volume, with value steady at -0.1%.

This trend reversed in 2014, with volume increasing by 5.3% and value by 2.9%. 2015 saw sales accelerate further, with increases of 7.4% in volume and 3.9% in value. 2016 saw 5.3% volume growth with a growth in value of 2.4%.

At this point, retail sales were back close to the level at the peak in 2007.

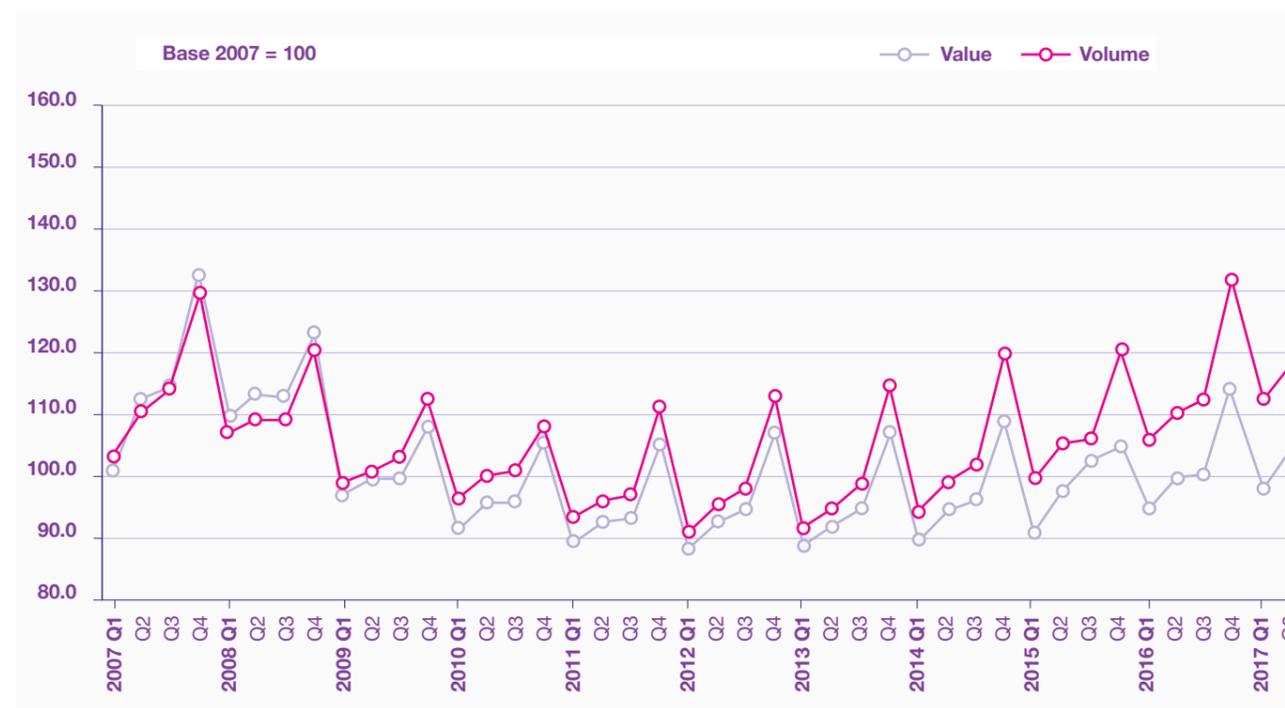
Retail sales in the UK remained broadly flat from 2008 until 2012 during the economic downturn. Sales picked up slightly in 2013, and increased further in 2014. As in Ireland, retail sales growth accelerated in 2015, up by 5.0% in volume and 1% in value.⁴⁴ This volume growth was maintained in 2016 with volume up 4.9% and value up 3.6%.

Retail sales in the US recovered sooner than Europe, and were on an upward trend from 2011, when spending grew by 8%. Sales were up by 5% in 2012 and by 4% in 2013. This momentum slowed in 2014, to 3%, and slowed further again in 2015 to 1.4%.⁴⁵ There was a slight upturn in 2016, with 3.3% growth.

44. <http://www.ons.gov.uk/ons/rel/rsi/retail-sales/november-2015/stb-rsi-nov-15.html>
45. <http://www.census.gov/retail/index.html>

Retail Sales Quarterly

Retail Sales Index January 2007 - June 2017



Retail sales have a major seasonal peak in November-December, 50% above the monthly average for the rest of the year.

Sales growth was strong in the first half of 2016, but softened considerably in the second half (down from 6.5 to 4.4%), amid fears of a Brexit effect. For the year as a whole, sales grew 5.3% in volume and 2.4% in value. At this point, the retail sales index was back to the level at the peak in 2007.

Retail sales got off to a good start in 2017, up by 5.9% in volume and 2.3% in value in Q1, on an annual basis. This growth accelerated further

in Q2, up by 6.9% in volume and by 3.6% in value. This very healthy picture suggests a full year outcome of about 6% growth in volume terms.

Retail sales in the UK grew strongly in 2015, up by 5% in volume and 1% in value, and remained quite robust in 2016, up by around 3% in volume. However, sales in Q1 2017 weakened noticeably, down -1.4% in volume in Q1, and up by the same amount in Q2, leaving it steady state for the first half as a whole.⁴⁶

US retail sales grew 3% in 2016. Q1 2017 showed growth of 2.8%, although the second quarter was relatively weak.⁴⁷

46. <https://www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/june2017>
47. <https://www.cnbc.com/2017/07/14/us-retail-sales-june-2017.html>



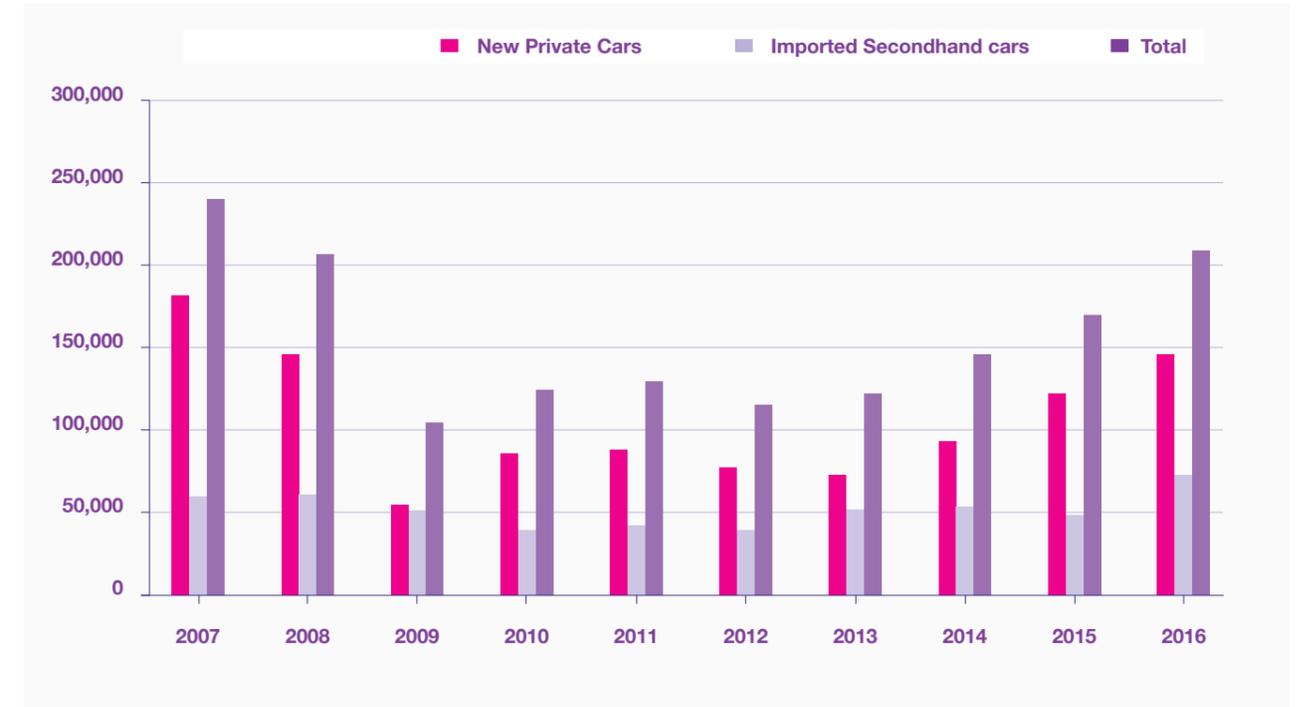
3%

New car sales are down 10.4% in the first half of 2017 with a total of 87,346 units but there has been a dramatic rise in the number of imported second hand cars, up 47% in 2016, and up again 46% in the first half of 2017. Taken together, car sales in the first half of the year are actually up by 3% on last year which is quite healthy.



Sales of Private Cars Annual

Sales of Private Cars 2007 - 2016



New car sales peaked in 2007 with 180,754 cars sold. Sales dropped steadily from then, with the lowest point in 2009, when just 54,432 new cars were sold. There was a small revival in 2010 and 2011, but sales dropped again in 2012, with 76,256 new cars sold, and 2013, with 71,348 cars sold.

This trend reversed in 2014 with 92,361 new cars sold, an increase of 30%. There was a further increase of 31% in 2015, to 121,110 cars. 142,688 new cars were sold in 2016, an increase of 18%, but a significant reduction in the rate of growth. This level of sales was close to the average annual figure achieved in the early 2000's.

Sales of second hand cars actually benefited in the recession. A total of 515,000 were sold

in 2011, 660,000 in 2012 (up 22%), 785,000 in 2013 (up 19%), 874,000 in 2014 (up 11%), 950,000 in 2015 (up 8%), and over 1 million in 2016.⁴⁸

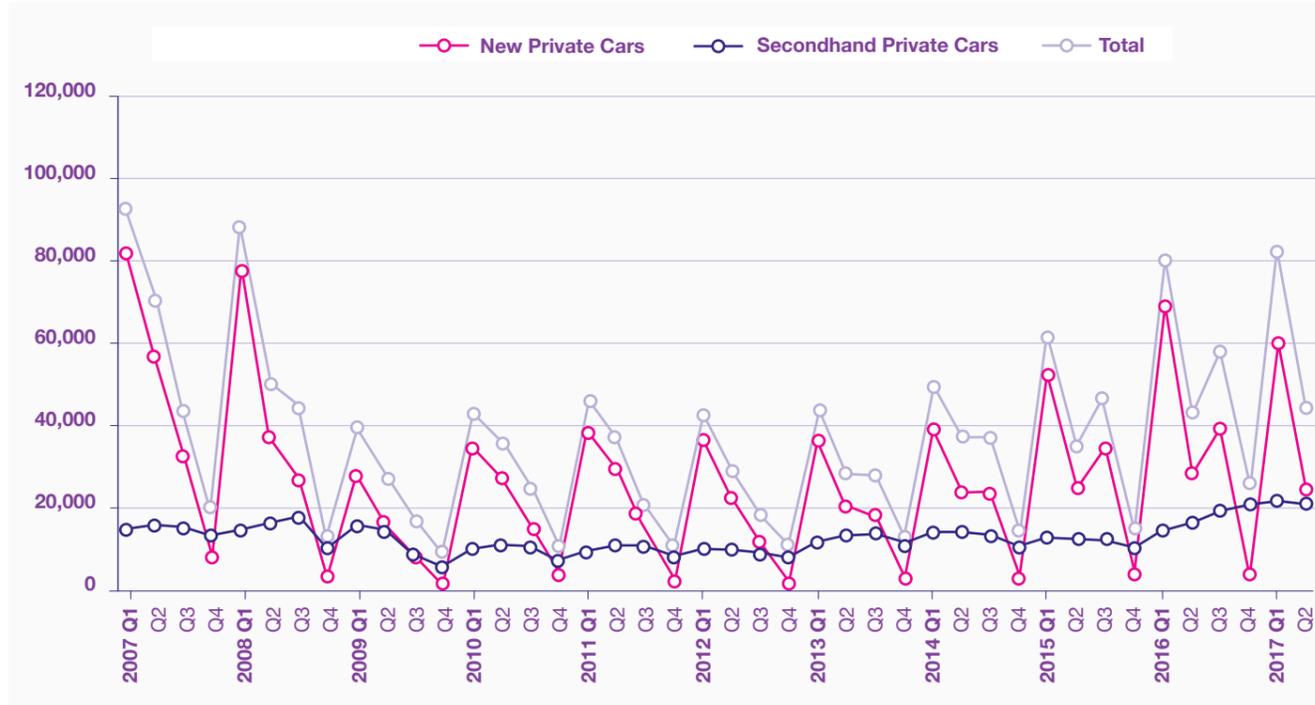
New car sales in the UK reached a 10-year high in 2014, with 2.5 million sold. This was exceeded in 2015, with 2.6 million cars sold, up more than 6%, and rose to 2.69 million in 2016, a slower growth rate of 3%.⁴⁹

US car sales peaked in 2005 at 17.4 million, and bottomed out in 2009 at 10.6 million. Growth resumed in 2010, averaging 4% a year, reaching 16.8 million in 2014 and 17.7 million in 2015, exceeding the previous peak, and 18.4 million in 2016.⁵⁰

48. <https://www.cartell.ie/2017/02/used-car-market-breaks-one-million-2016/>
 49. <http://www.wsj.com/articles/european-union-new-car-sales-grow-13-7-in-november-acea-1450162833>
 50. www.thedailystar.net/business/carmakers-rack-up-big-gains-in-2013-us-sales-5461?archive=2014-01-06

Sales of Private Cars Quarterly

Sales of Private Cars January 2007 - June 2017



Sales of new cars were traditionally concentrated in January & February. The new dual registration system is helping, but 65% of sales are still occurring in the first half of the year.⁵¹

Following the recession, car sales began to recover in 2014, with 92,361 cars sold, a 30% increase, and this rate of growth continued in 2015 with 121,110 cars sold.⁵² Sales continued upwards in 2016, with 142,688 cars sold, a slightly lower growth rate of 18%.

New car sales have been weak in the first half of 2017, down 10.4% year-on-year, for a total of 87,346 units. This would suggest a weakening in the consumer economy but that is not actually the full story because there has been a dramatic rise in the number of imported second hand

cars, up 47% in 2016, and up again by 46% in the first half of 2017 to a total of 44,945. This reflects the weakening of sterling which makes imports better value. Taken together, car sales in the first half of the year are actually up by 3%, which is reasonably healthy, and not indicative of a weakening in consumer spending.

New car sales in the UK reached 2.69 million vehicles in 2016, an increase of just 2%, and sales have fallen by -1.8% this year so far, with a 10% drop in Q2.⁵³

US car sales have been growing by around 4% a year for several years, reaching a total of 18.4 million units in 2016. However, sales have fallen by 2% in the first half of 2017.⁵⁴

51. <http://www.rte.ie/news/2015/0811/720529-new-cars-licensed-in-july-up-over-50-on-last-year/>
 52. <http://www.rte.ie/news/business/2015/1016/735186-european-car-sales/>
 53. <https://www.theguardian.com/business/2017/jul/05/uk-car-sales-fall-june-2017-smmt>
 54. <https://www.cnbc.com/2017/07/03/june-auto-sales.html>



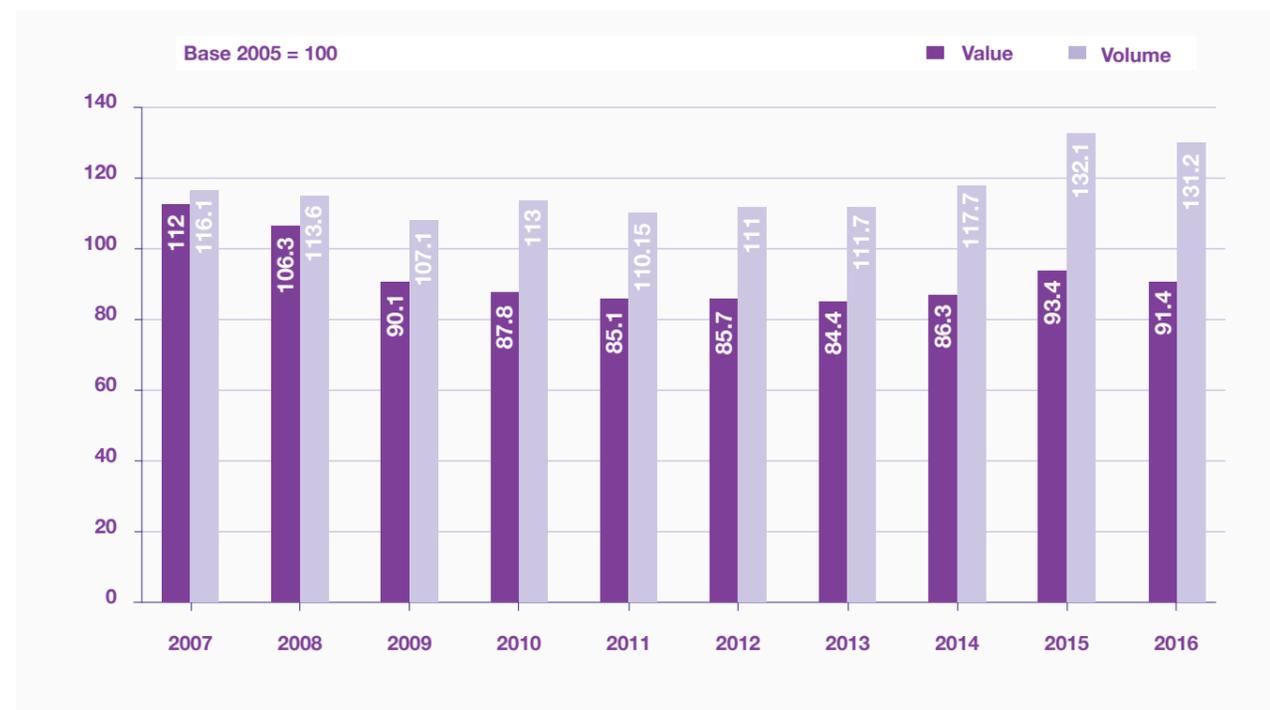
6%

Growth accelerated in Q2, up by 6.9% in volume and by 3.6% in value, year-on-year. For the first half year, therefore, retail sales have grown by 6% in real volume terms, and by 3% in value terms, suggesting a very strong outcome for the year as a whole. This is the fastest growth in retail sales since 2007.



Retail Sales – Department Stores Annual

Department Stores 2007 - 2016



Department store sales increased continuously from 2000 to 2007, with a growth of 42% in volume and 49% in value. Sales declined every year from then to the end of 2012, down 23% in value over five years, reflecting price discounting. Sales volumes held up much better, down by just -4% over the five-year period.

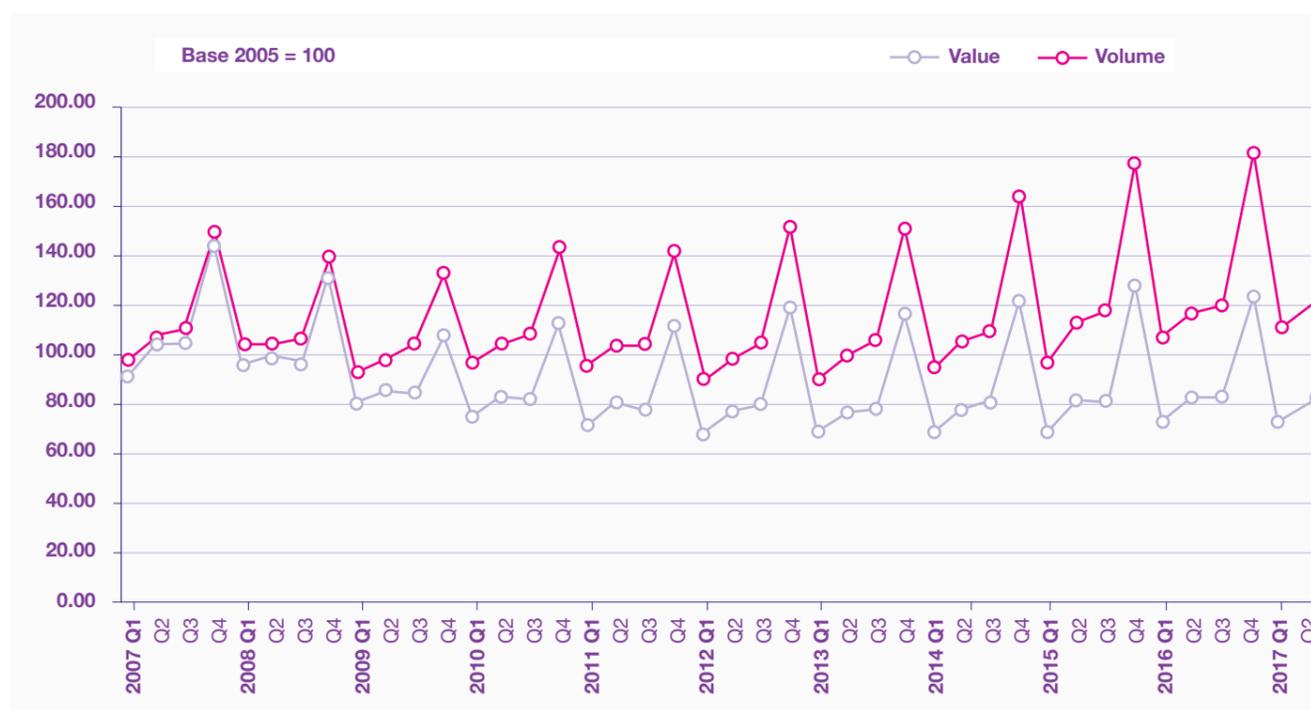
Sales through department stores picked up in 2014, up by 5.5% in volume and 2.3% in value. This turnaround accelerated in 2015, with an increase of 8.8% in volume and 5.6% in value. The volume sales index now comfortably exceeds the 2007 peak, although sales value remains well below that. This peak in volume was maintained in 2016, with an increase of 2.7%, although value was flat.

Department store sales were also weak in the UK for several years, with a large drop in 2012, down -8.4% in volume and -6.6% in value. This reversed in 2013 and accelerated in 2014. Growth continued in 2015 with sales volume up 5.8% and sales value up 4.8%. 2016 continued strong with growth of 7% in volume and 5.5% in value.

US department store sales have been weak for several years, down -2.1% in 2015, and -5.6% in 2016, mainly attributed to the growth of online retailing.⁵⁵

Retail Sales – Department Stores Quarterly

Department Stores January 2007 - June 2017



Department stores have a marked seasonal pattern, which peaks before Christmas and to a lesser extent in July coinciding with end-of-season sales. This peak was subdued during the recession years but has recovered recently, with new peaks each year since 2012.

Sales recovered significantly in 2014, with volume up by 4% for the year, and value up by 2%. Sales in 2015 were even stronger, particularly in the latter part of the year, up by 7.6% and 4.2% respectively.

Sales maintained this strong growth rate in the first half of 2016, increasing by 10.2% in volume and 7.6% in value compared to the previous year. This rate slowed, however, in recent quarters, averaging only 3.2% in Q3 and 2.3% in Q4.

Q1 2017 maintained this trend, up 2.9% in volume, although value was static. Q2 proves promising in terms of volume where an increase has been seen again like Q1 and is strengthened through the slight increase in value.

UK department stores have followed a similar trend, with strong growth in 2015 and 2016, up 7% in volume and 5% in value.⁵⁶ Sales slowed significantly in 2016, and have remained weak in Q1 2017, with volume down -2.2% and value down -1.2%.

Department stores have been weaker in the US, with no growth in 2014, following modest declines in each of the previous six years.⁵⁷ 2015 was down -2.1%, and 2016 down -5.6%. 2017 is off to a poor start with a decline of -6.1%.

55. <http://uk.businessinsider.com/stores-closing-macys-kohls-walmart-sears-2016-12?r=US&IR=T>

56. http://www.ons.gov.uk/ons/dcp171778_428415.pdf

57. www.statista.com/statistics/197712/annual-department-store-sales-in-the-us-since-1992/

Retail Sales – Food Annual

Retail Sales - Food 2007 - 2016



Food sales increased steadily between 2005 and 2008 along with most other retail categories, up by 16% in volume, an average annual growth rate of 5.3%. Sales value increased even more, by 24%, an average annual rate of growth of 7.9%.

As an essential item, sales of food have held up relatively well in the recession. From the peak in 2007 to the end of 2012, volume declined by just -0.3%, and value by -4%.

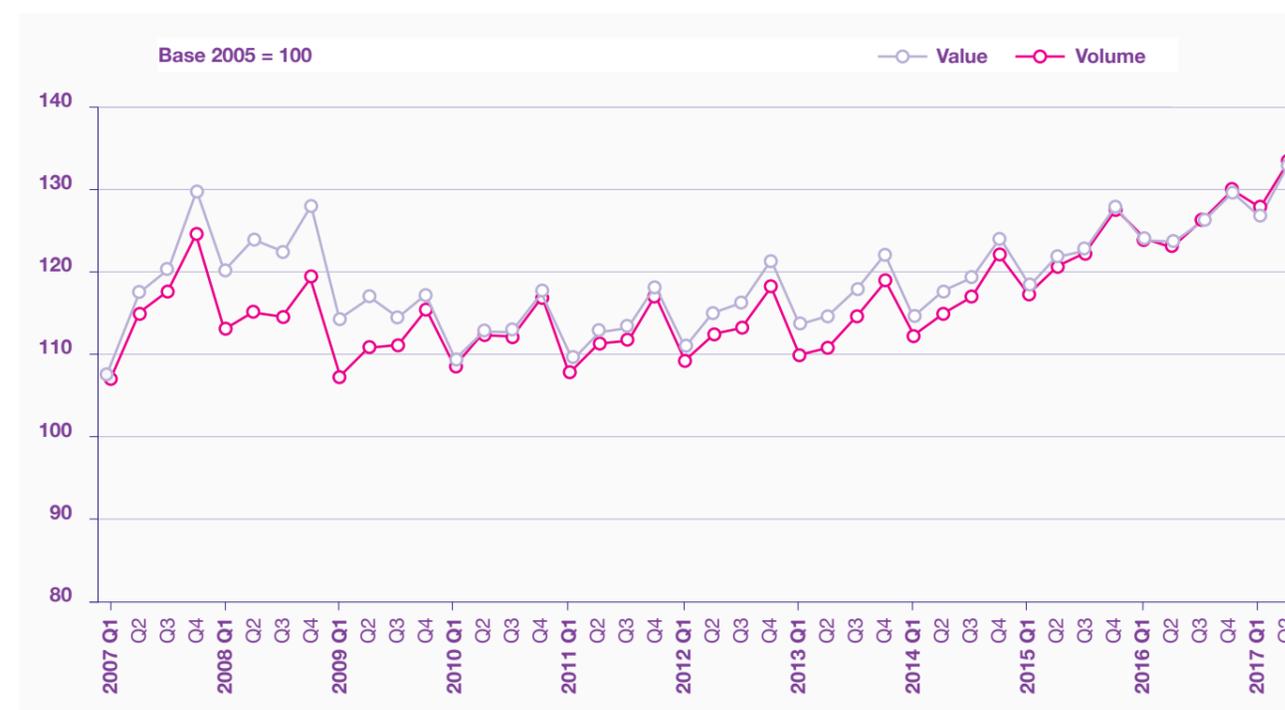
Food sales stabilised in 2013, up by 0.6% and 1.2% respectively. Sales of food increased

significantly in 2014 with volume up by 2.6% and value up by 1.4%. This upward trend increased further in 2015, with sales volume increasing by 4.5% and sales value by 3.3%. This steady growth was maintained in 2016, with volume up 3.3% and value up 2.6%.

UK food sales have also been fairly stable, with volume increasing by just 1% in 2014 and remaining constant in 2015. 2016 experienced a 3.8% growth in volume and a 1.8% in value.

Retail Sales – Food Quarterly

Retail Sales - Food January 2007 - June 2017



Sales of food are normally steady throughout the year with a modest peak in the pre-Christmas period, followed by a return to trend in January.

Food sales grew steadily in 2014, reflecting the general recovery in the economy, up by 2% in volume and by 1% in value. This growth increased in 2015, with sales up by 4.5% in volume, and by 3.4% in value.

2016 was a year of two halves, with volume growth of 4.5% in the first half reducing to 2.2% in the second half. Q4 was particularly slow with only a 1.4% growth in volume and 0.3% in value, indicating a weak Christmas trade.

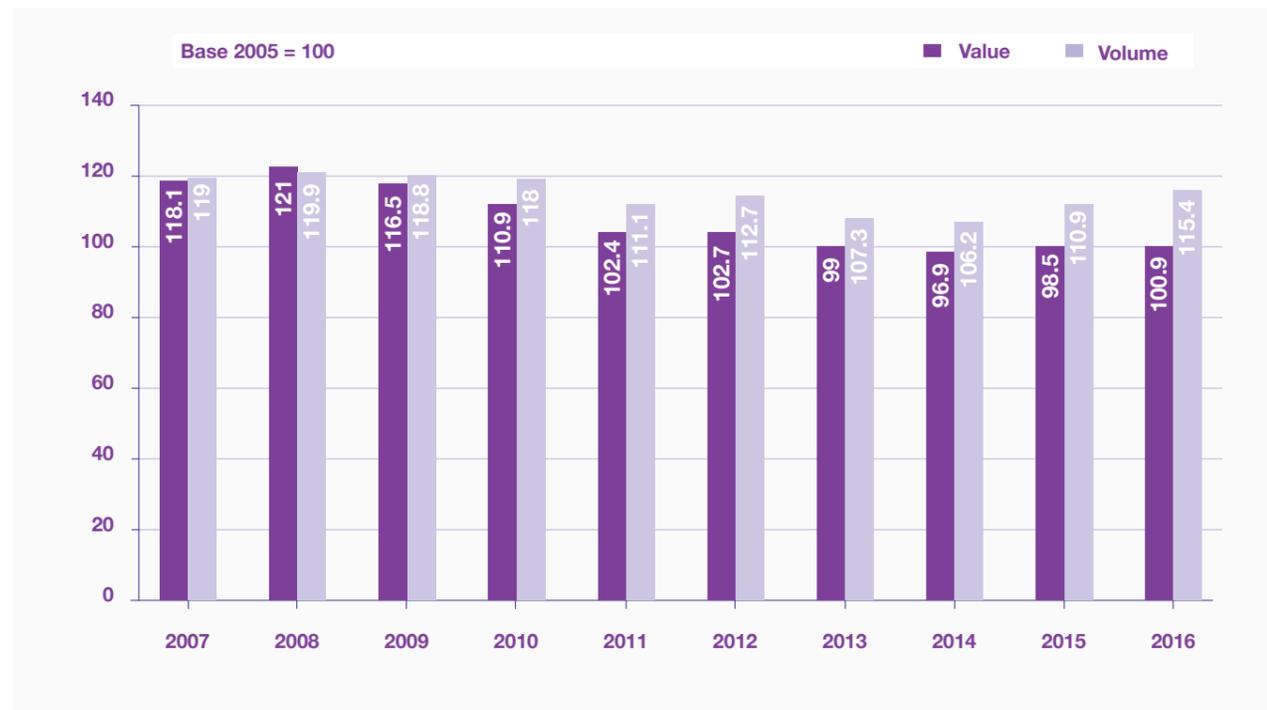
Growth remained slow in Q1 2017 with volume up 2.5% and value up 0.8%, but has accelerated in Q2, up by 5.3% in volume and 3.5% in value.

Food sales in the UK increased by a similar rate of 2% in volume and 1% in value for 2014 and 2015. 2016 saw a 4% increase in volume and 3% in value. Q1 2017 experienced a noticeable slowdown of -0.3% in volume while value was up by just 0.8%. However, both food sales increased in Q2, with a 1.2% increase in volume and 3.5% increase in value.

US food retail sales were up a consistent rate of 3% in 2014, 2015 and 2016, and 2017 is continuing at the same rate.⁵⁸

Retail Sales Pharmaceutical, Medical & Cosmetics Annual

Pharmaceutical, Medical and Cosmetic 2007 - 2016



Sales of pharmaceutical, medical and cosmetic goods increased substantially between 2000 and 2008, with volume up by 50%, an annual growth rate of 6%. Sales value increased even more, by 79%, or an annual growth rate of 10%.

This sector declined in the recession years, although it suffered less than some others. Sales volume fell by -10% from 2007 to the end of 2013, an average annual drop of -2%. Value declined by -18% from peak to the end of 2013, an annual drop of -3.5%.

Sales stabilised in 2012, up by 1.4% in volume and 0.3% in value. This trend faltered in 2013, however, with sales down by -4.5% and -3.3% respectively. Sales remained in negative territory in 2014, with volume down -2% and value down -1%.

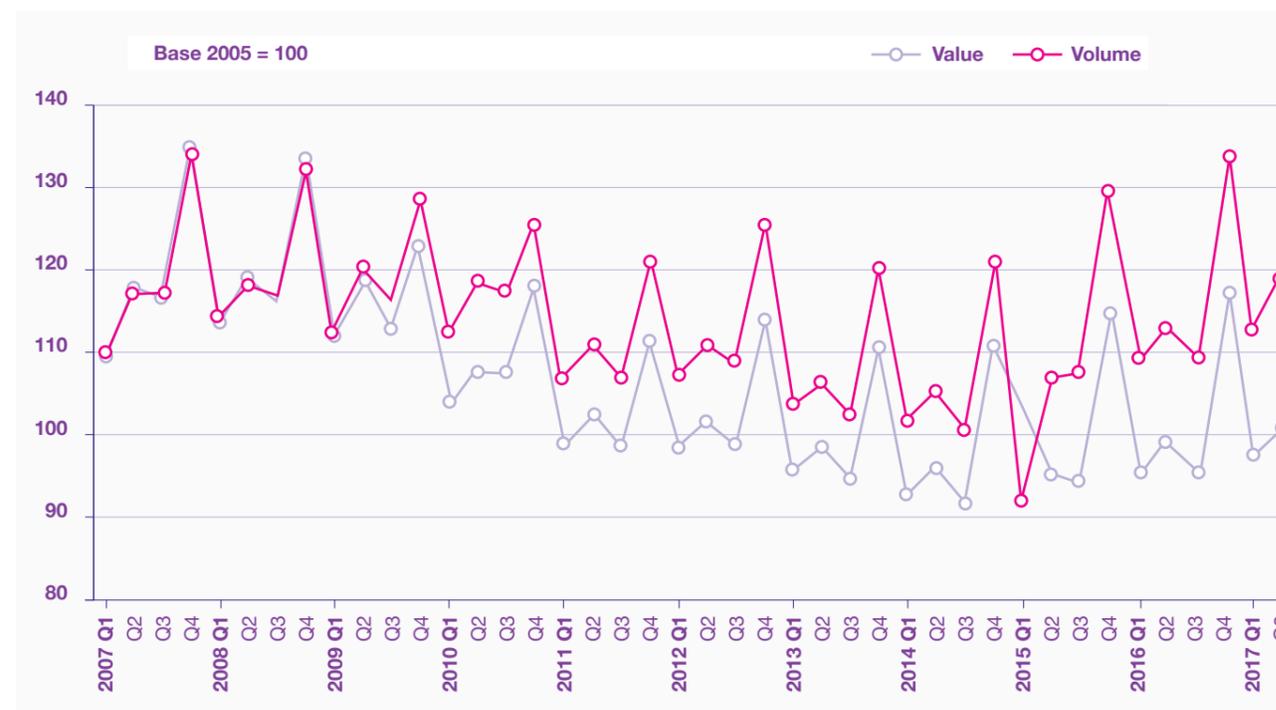
This negative trend reversed again in 2015, with sales volume increasing by 4.4%, and sales value up 1.7%. Sales volume grew 3.8% in 2016, with value rising 2.6%.

Pharmacies in the UK have done better in recent years, with an increase in volume and value of 9.8% in 2013, 4.8% in 2014, and 5.6% in 2015. Sales continued to rise in 2016 with growth of 9.4% in volume and 8.7% in value.

Pharmacies in the US have also performed well as sales increased by 6.1% in 2014, 4.2% in 2015 and 7.4% in 2016.

Retail Sales Pharmaceutical, Medical & Cosmetics Quarterly

Pharmaceutical, Medical and Cosmetic January 2007 - June 2017



Sales of Pharmaceutical, Medical and Cosmetic products are normally steady throughout the year with a significant increase in December, reflecting gift buying. This peak was much reduced in the three years from 2009 to 2012, but re-established itself in 2013.

Sales dropped significantly in 2013, down -4.5% in volume and -3.3% in value. There was a further decrease in 2014, with volume down -2% and value down -1%.

Sales recovered somewhat in 2015, up by 3% in volume and 1% in value. This growth continued into 2016 with Q1 volume up by 6.5% and value up by 3%, but fell back in later quarters, averaging 3.3% growth in volume and 1.5% growth in value for the year.

Sales are continuing at a similar rate in 2017, up by 3.1% in volume and 1.5% in value in Q1. Sales have picked up further in Q2, up by 4.8% in volume and 2.9% in value.

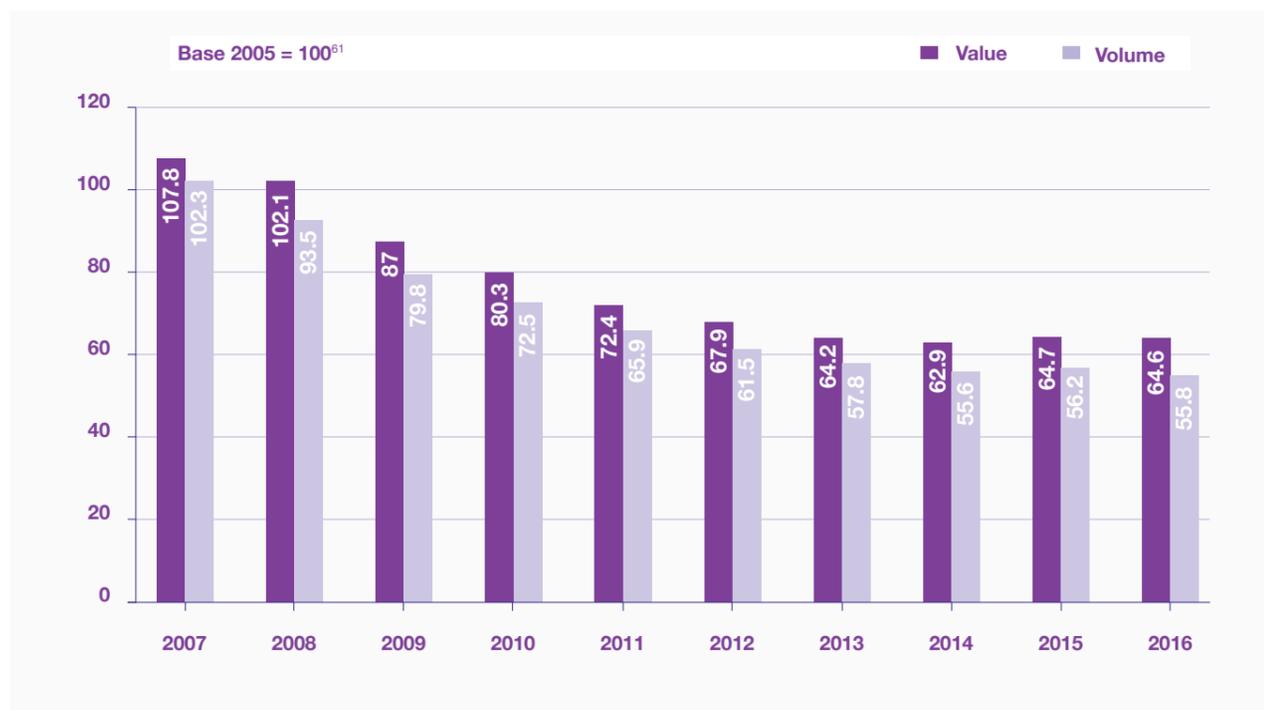
Sales of pharmaceuticals and cosmetics have been growing strongly in the UK, up 5.7% in 2015 and 8% in 2016. 2017 is also strong with Q1 up by 10% in volume and value.

In the US, sales of pharmaceuticals increased by 4% in 2015 and 3% in 2016.⁵⁹ 2017 is stronger, up 5.2% in the first quarter and 0.8% in the second.

59. <http://www.statista.com/statistics/243742/revenue-of-the-cosmetic-industry-in-the-us/>

Retail Sales – Books, Newspapers and Stationery Annual

Retail Sales - Books, Newspapers and Stationery 2007 - 2016



The books, newspapers and stationery sector, which includes specialist book stores as well as newsagents, has been one of the hardest hit during the past decade. Sales volume declined by -43% from the peak in 2007 to the end of 2013, an annual decline of -8%, and value declined by -40%. This was partly due to the recession, but also because of a fundamental shift towards digital media.

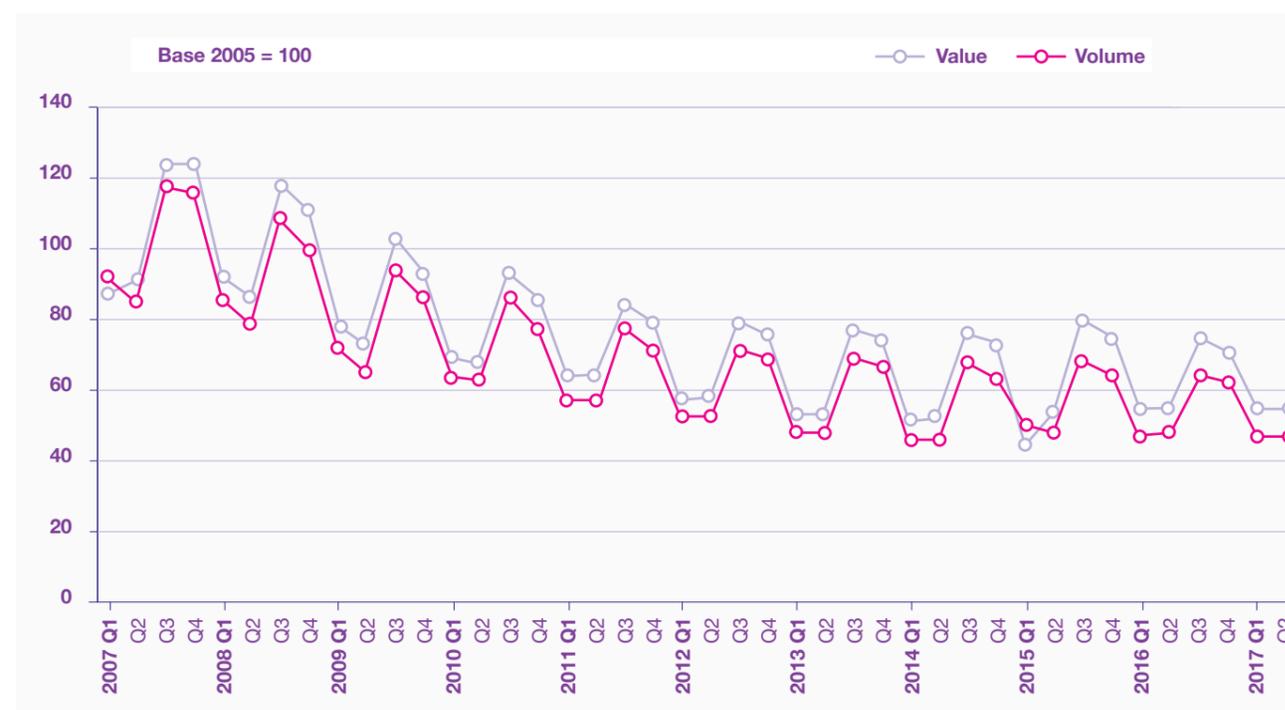
The negative trend continued in 2014 with volume sales down -3.7% and value down -1.8% for the year. This trend reversed slightly in 2015, with volume increasing by 1.1% and value by 2.9%. However, this was not sustained in 2016, with sales static.

Book sales in the UK have been declining also.⁶⁰ Volume sales were down -1.9% in 2014 with value sales down -1.3%.⁶¹ 2015 was more positive with sales volume increasing by 5% and value by 4.7%. However, sales decreased further in 2016, down -5.8% in volume and -4.7% in value, illustrating the dominance of e-books and online publications.

Unlike the UK, US book sales held steady in 2014 and increased by 4.4% in 2015, but this tapered off slightly to 2.6% growth in 2016.

Retail Sales – Books, Newspapers and Stationery Quarterly

Retail Sales - Books, Newspapers and Stationery January 2007 - June 2017



Sales of books and stationery have two peaks each year, one in August/September coinciding with back-to-school time, and a second pre-Christmas. These peaks were on a steady downward trend from 2007 until the end of 2014. Sales continued to fall in 2014, down by -3.6% in volume and -2% in value.

Sales were up modestly in 2015, by 1% in volume and 2.7% in value. This positive trend continued in Q1 2016, with volume up by 6.5% and value by 7.8%, but that trend was not sustained, and sales ended the year just about static.

Q1 2017 has seen continuing weakness, down -0.5% in volume and -0.4% in value, year-on-

year. This weakness has continued in Q2, down by -2% both in volume and value.

Following several years of falling sales in the UK, 2015 saw an increase of 5%. However, sales decreased further in 2016, down -5.8% in volume and -4.7% in value, and have fallen further this year, down -12.1% in volume and 8.1% in value. The number of independent bookshops has almost halved in the past 11 years.⁶²

US sales of print books rose 3.3% in 2016 over the previous year, making it the third-straight year of print growth, with evidence of a decline in e-books.⁶³ This decrease continued into 2017 and in Q2 dropped 5.8%.

60. www.theguardian.com/books/2015/jan/13/sales-printed-books-fell-150m--five-years
61. Nielsen BookScan

62. <http://www.telegraph.co.uk/business/2017/07/15/printed-books-entered-new-chapter-fortune/>

63. <https://www.publishersweekly.com/pw/by-topic/industry-news/bookselling/article/72450-print-book-sales-rose-again-in-2016.html>



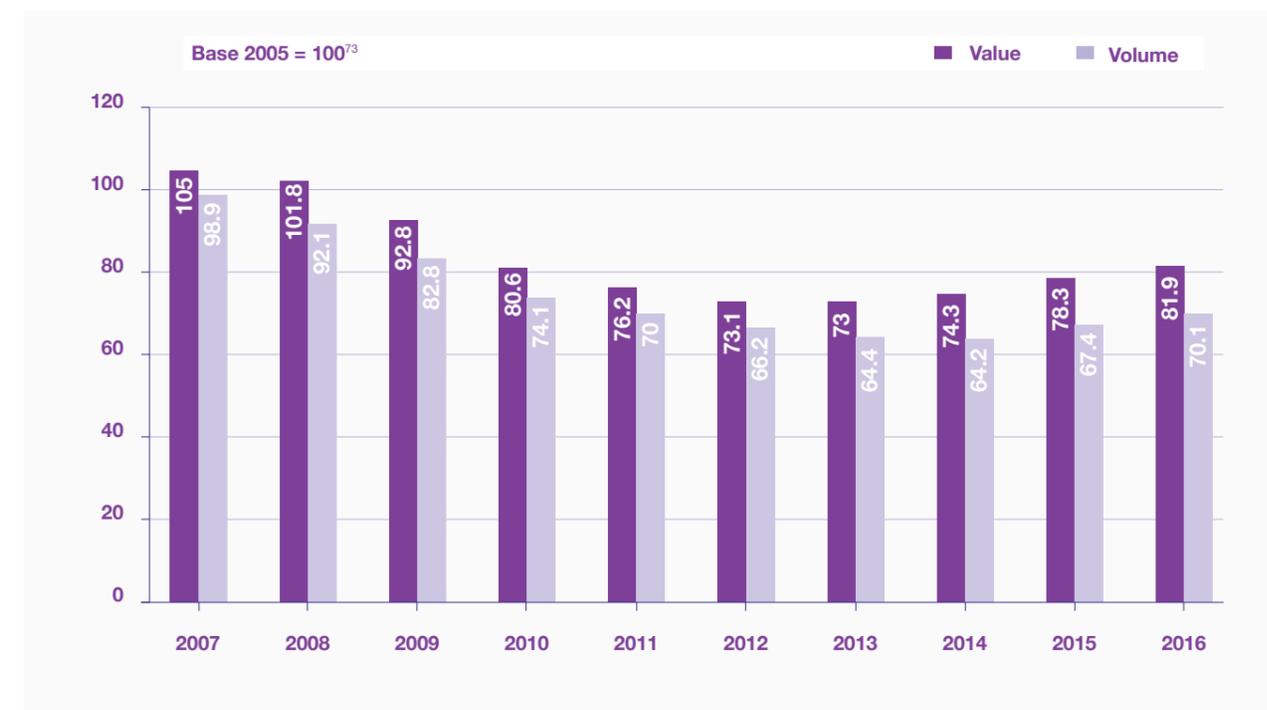
1.3%

Growth continued in 2016, but tailed off a bit in the second half. Volume growth averaged 6.8% in the first half but only 2.5% in the second half. The pre-Christmas period saw only a 2.5% growth in volume and 3.2% in value. Growth has slowed further in the first half of 2017, up by just 1.3% in volume and 2.6% in value.



Retail Sales – Bars Annual

Retail Sales - Bars 2007 - 2016



The bar trade in Ireland has been under pressure for more than a decade as a result of a combination of factors including the introduction of the smoking ban and random breath testing, as well as changing consumer lifestyles. From the peak in 2007 to the end of 2013, volume sales through bars decreased by -35% and value by -30%. Over the same period, the number of pub licences reduced from 9,500 to 8,300, a drop of -13%.⁶⁴

2014 was the first year since 2007 in which sales did not fall; volume sales were steady and value was up by 1.8%. This was the beginning of a positive trend which continued in 2015, with sales volume up by 5% and sales value by 5.4%.

This positive trend was witnessed again in 2016 with 4.2% growth in volume and 4.9% in value.

Beer sales in the UK also stabilised in 2014, after a decade of decline.⁶⁵ However, it continued to decline in 2015 and 2016, down about -1.5% per annum. The number of bars in the UK has also been declining; it is now down to 50,500 compared with 60,100 in 2002.⁶⁶

In the US, sales of restaurants and drinking places have been relatively static for several years but were up 3% in 2016.

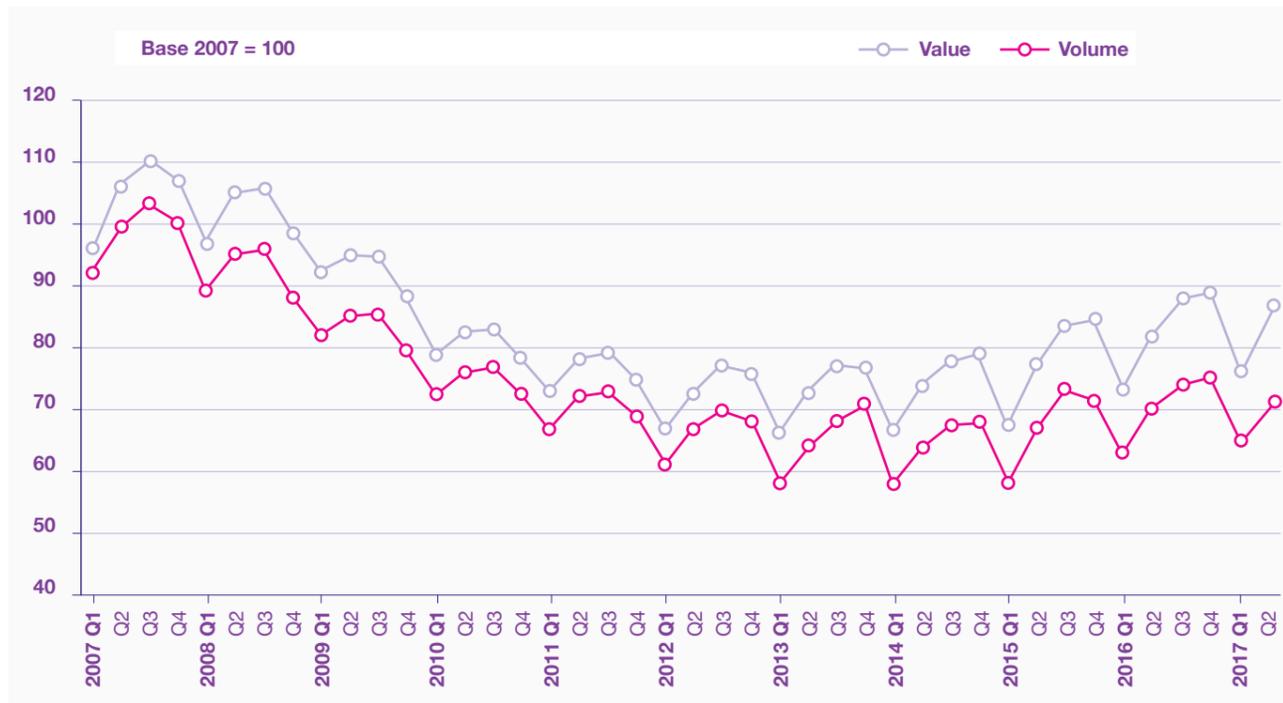
64. Drinks Industry Ireland, 2015

65. <http://www.beerandpub.com/news/british-beer-sales-up-for-the-first-time-in-ten-years>

66. <http://www.beerandpub.com/statistics>

Retail Sales – Bars Quarterly

Retail Sales - Bars January 2007 - June 2017



Irish bar sales follow a seasonal pattern with a peak in the run up to Christmas followed by a trough in January each year. This conceals a long-term decline in the pub trade which has only recently shown signs of abating.

2014 was the first year since 2007 in which sales did not fall; volume sales were steady and value up by 1.8%. This was the beginning of a positive trend which continued in 2015, with sales volume up by 5% and sales value by 5.4% for the year.

Growth continued in 2016, but tailed off a bit in the second half. Volume growth averaged 6.8% in the first half but only 2.5% in the second half. The pre-Christmas period saw only a 2.5% growth in volume and 3.2% growth in value.

Growth in Q1 2017 continued at this latter rate of 2.4% growth in volume and 3.6% in value. Growth has slowed further in Q2, up by just 1.3% in volume and 2.6% in value.

Following a decade of decline, UK sales through bars were almost stable in 2014, down by just -0.8%.⁶⁷ However, the decline resumed in 2015 and 2016, down -1.5% per annum, and Q1 2017 was also down by -2.9%.⁶⁸

In the US, sales of restaurants and bars have been relatively static for several years but were up 3% in 2016. Q2 of 2017 was also up 2.3% compared to same period in 2016.

67. <http://www.beerandpub.com/news/british-beer-sales-up-for-the-first-time-in-ten-years>
68. <http://www.beerandpub.com/statistics>



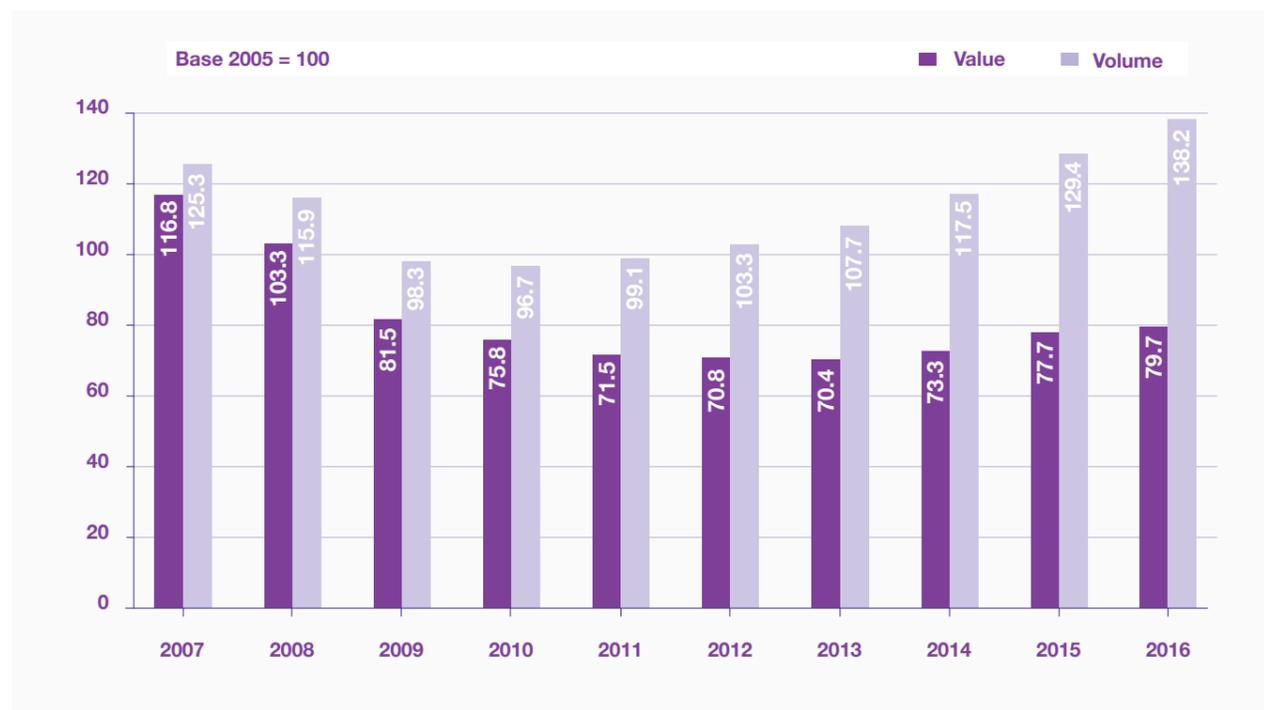
12.9%

Sales continued to grow strongly in 2016, with volume up 8.1% and value up 3.9% for the year. Sales are continuing to perform well in 2017, with volume up 12.9% in Q1 and Q2, and value up 7%, year-on-year. This is by far the fastest growing retail sector at present.



Retail Sales Household Equipment Annual

Retail Sales - Household Equipment 2007 - 2016



Household equipment is the sum of three sub-categories: furniture and lighting; hardware, paints and glass; and electrical goods. Sales grew rapidly with the boom in housing construction, reaching a peak in 2007. However, sales declined just as rapidly, falling by 18% in volume and by 40% in value from the peak in 2007 to the end of 2012.

There was a slight recovery in 2013, with an increase of 4.3% in sales volume, although value decreased by -0.5%. The recovery accelerated in 2014 with a 4.1% increase in volume, while value rose by a much larger 9.1%.

This growth accelerated in 2015, with sales volume up by 10% and value by 6%. At this point,

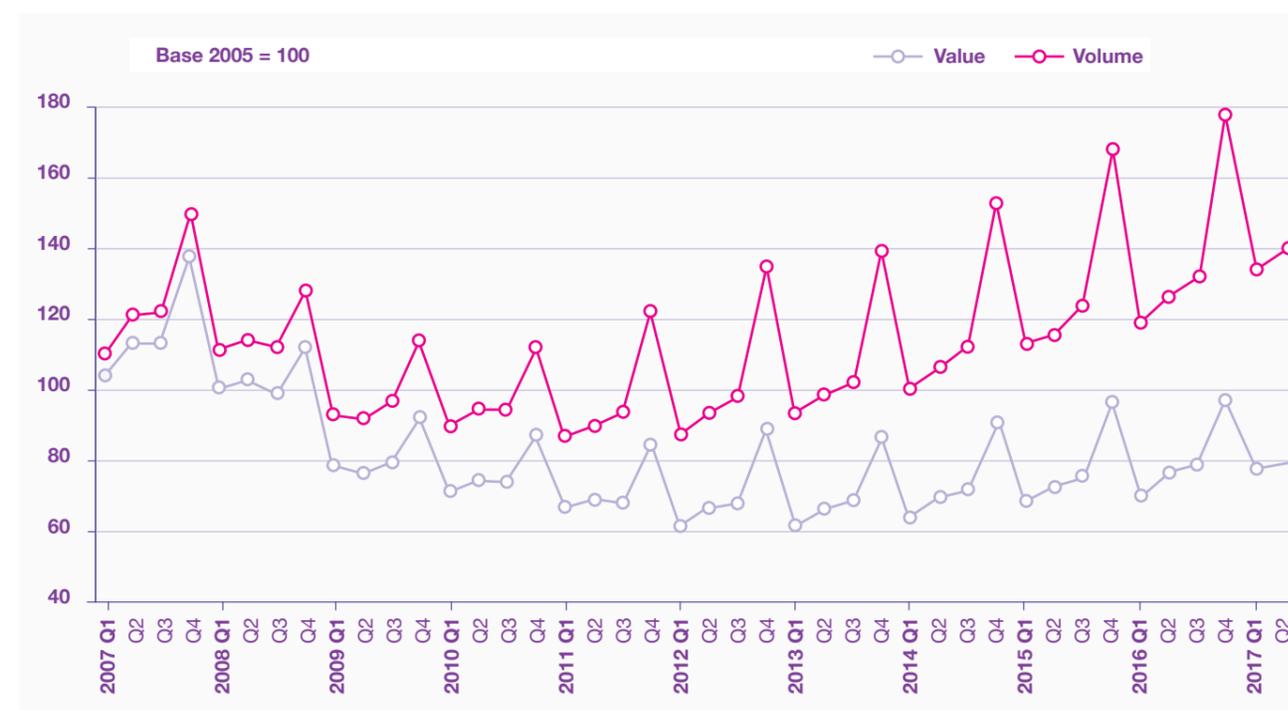
the volume of sales was back to the peak of 2007, although value was still 22% lower. Sales continued to grow strongly in 2016, up 7.2% in volume and 2.9% in value.

Sales of household goods in the UK also picked up in 2014, up by 7.1% in volume and 6% in value. 2015 saw this positive trend continue, with volume up by 7.7% and value by 6.5%. However, this tapered off in 2016 with volume up 2.4% and value up just 0.9%.

In the US, sales of household goods increased by 8% in 2012, and by 3% in 2013 and 2014.⁶⁹ This lowered in 2015, at only 1%, and again in 2016, with only 0.3% growth.

Retail Sales Household Equipment Quarterly

Retail Sales - Household Equipment January 2007 - June 2017



Sales of household goods are seasonal with a small peak in June/July, and a bigger peak in the pre-Christmas period. The annual peak reached its highest level ever in December 2016, well ahead of the peak in 2007.

Sales of household goods began to recover in 2013, and accelerated in 2014. This growth really took hold in 2015, with sales volume up by 10% and value by 6%. The volume of sales was now back at the 2007 level, although value was still 22% lower.

Sales continued to grow strongly in 2016, with volume up 8.1% and value up 3.9% for the year. Sales are continuing to perform well in 2017, with volume up 12.9% in Q1 and Q2, and value up 7%, year-on-year. This is by far the fastest growing retail sector at present.

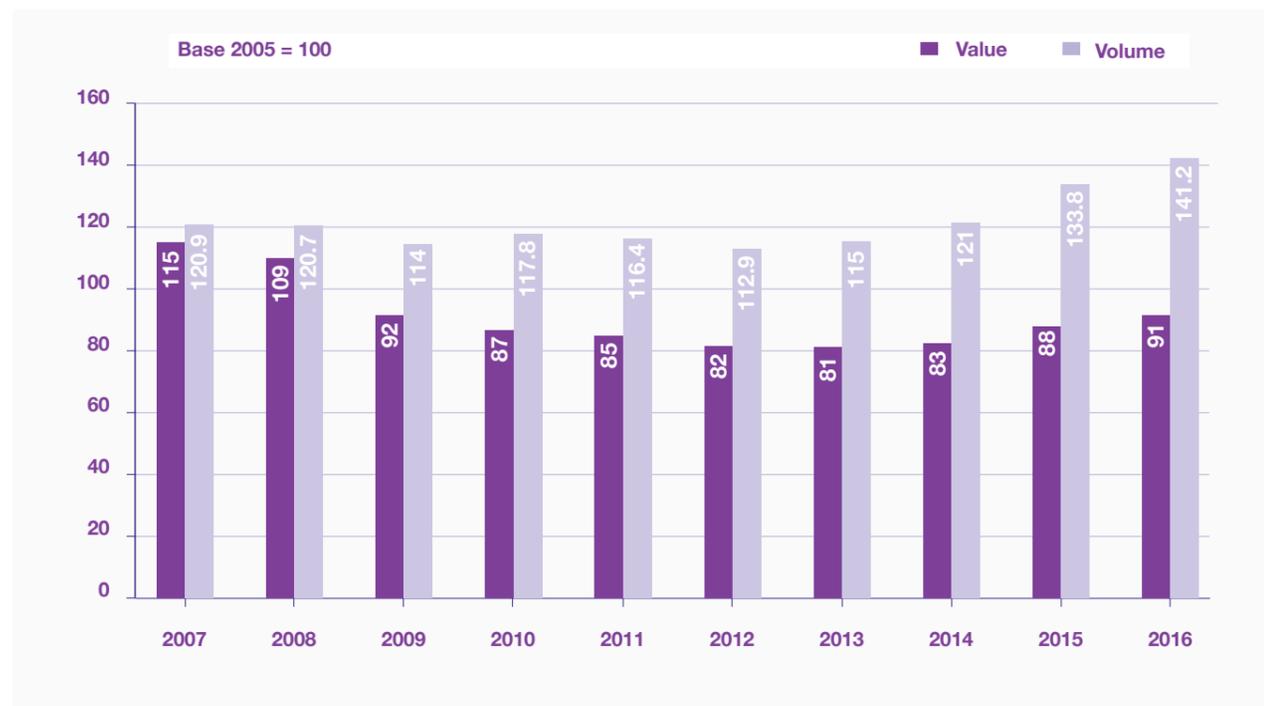
Some of the sub-categories are showing even larger increases. In Q2, furniture and lighting were up by 18.5% in volume and 11.9% in value, electrical goods were up 9.7% in volume and 5.2% in value, while hardware, paints and glass were up by 6.4 and 3%.

Following strong sales in 2015, UK sales slowed in 2016 to around 1%. 2017 is continuing to be slow, with Q2 sales up by just 1.5% in volume, although by 4.2% in value.

US sales of household equipment have also been sluggish, up by just 1.6% for 2015, and 1% in 2016. This trend continued into 2017 with Q2 seeing a 2.5% increase.

Retail Sales Clothing, Footwear and Textiles Annual

Retail Sales - Clothing, Footwear and Textiles 2007 - 2016



Sales of clothing and footwear grew strongly during the boom years. Sales volume grew by 89% from 2000 to 2007, equivalent to 13% per annum, while value increased by 46%, or 7% per annum.

Sales volume held up quite well during the recession, down by just -5% from peak to the end of 2013, but value fell by far more, down -29%, due to price discounting. Sales of clothing and footwear stabilised in 2013, with a small increase in volume, of 1.9%, although there was a decline of -1.1% in value. Sales increased more significantly in 2014, with volume up by 5.2% year-on-year, and value up by 2.3%.

2015 saw sales of clothing, footwear and textiles increase significantly; sales volume

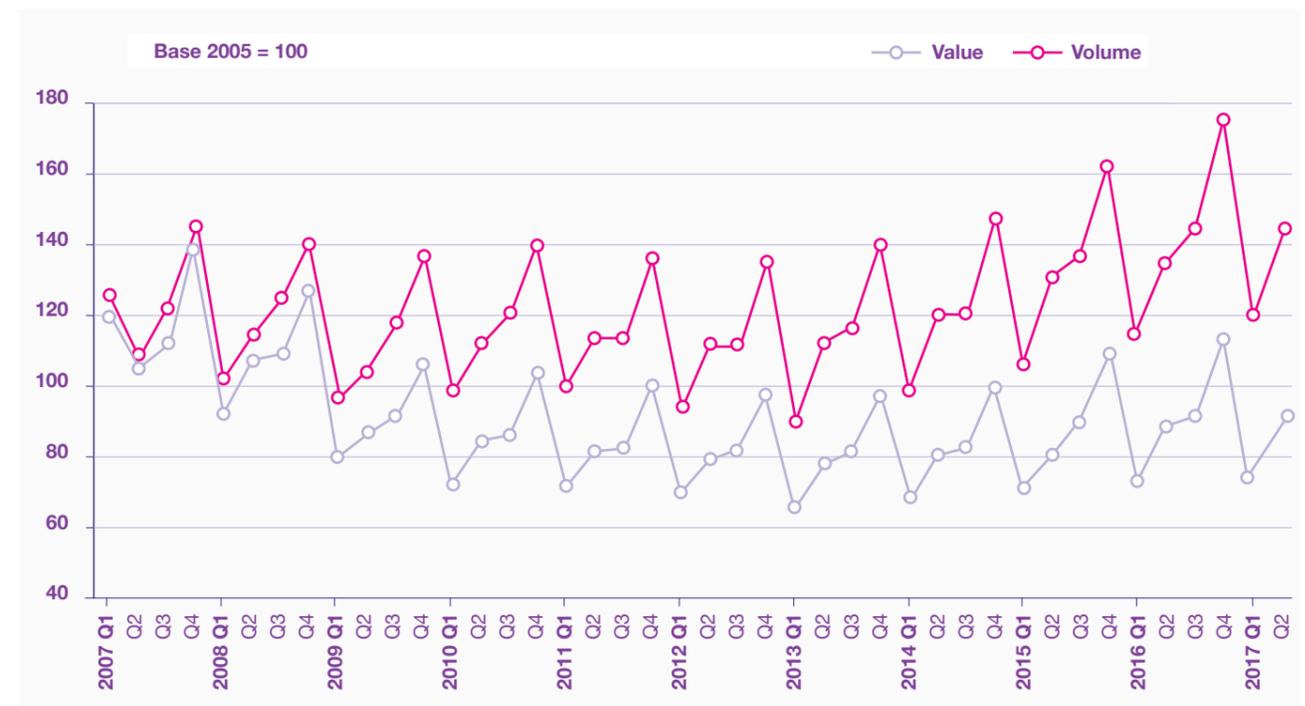
increased by 10.6% and sales value by 6.2%. The levelled off in 2016 to 6.6% volume growth and 4.1% value growth, but remains on a promising upward trend.

UK sales showed a similar pattern, with volume up by just 1% in 2013, up more substantially in 2014 by 3%, and growing by just 1.5% in 2015. 2016 experienced a decrease of -2.1% in volume and -2.3% in value, reflecting the impact of online retailing.

Sales of clothing in the US increased by 5.5% in 2012, by 3.8% in 2013 and by 2.2% in 2014. This growth slowed to 1.5% in 2015 and 0.8% in 2016.

Retail Sales Clothing, Footwear and Textiles Quarterly

Retail Sales - Clothing, Footwear and Textiles January 2007 - June 2017



Sales of clothing, footwear and textiles have a marked seasonal pattern with a large peak in the pre-Christmas period. Typically, sales volume increases by 50%+ from November to December each year, compared to the monthly average for the rest of the year.

Sales fluctuated through 2015 but averaged a healthy increase of 8.5% in volume and 5.1% in value. The first half of 2016 was also strong, but the rate of growth reduced as the year advanced. Q1 volume increased by 12.2%, Q2 by 7.6%, Q3 by 3.7%, and Q4 by 5.1%.

Sales in Q1 2017 continued to grow at this lower rate, up 4.3% in volume and 1.2% in value. However, the rate of growth picked up in Q2, to 6.2% in volume and 1% in value.

Clothing sales in the UK have fluctuated; 2015 saw growth in volume of 3.5%, while value grew by 2.5%.⁷⁰ 2016 was weaker, up just 1.5% for the year, but 2017 is picking up again, with growth of 6.2% in volume and 9% in value in Q2.

US clothing sales were up by about 2% for the full year 2015. 2016 saw an increase of 3.7%, year-on-year. 2017 has seen a slight increase of 1.8% in Q2.

70. http://www.ons.gov.uk/ons/dcp171778_428415.pdf

Q2 2017

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The Marketing Institute of Ireland

South County Business Park, Leopardstown, Dublin 18, Ireland
Email: info@mii.ie, Web: www.mii.ie

Contact: Gaelle Robert

Email: gaelle@mii.ie

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UCD Michael Smurfit Graduate Business School

University College Dublin, Carysfort Avenue, Blackrock Co. Dublin, Ireland
Email: info@smurfitschool.ie, Web: www.smurfitschool.ie

Contact: Professor Mary Lambkin

Email: mary.lambkin@ucd.ie